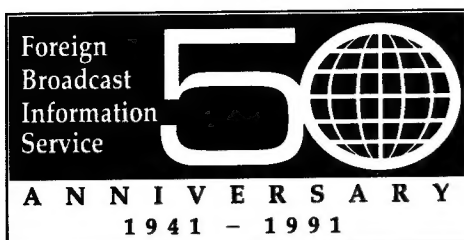


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European Community Loan for Balance of Payments

*AU3107164091 Sofia BTA in English 1609 GMT
31 Jul 91*

[“Exclusive” report by Paul Montgomery]

[Text] Brussels, July 31 (BTA)—The European Commission will launch a new bond issue of 435 million ECU [European Currency Unit] (513 million U.S. dollars) to help pay for balance of payments loans to Hungary, the Czech and Slovak Federal Republic and Bulgaria. The bonds, which will be bought by private investors in Western Europe, America, Japan and elsewhere, are at 9.25 percent interest through 1998.

Included in the first disbursements from the bonds is 155 million ECU to Bulgaria to adjust the balance of payments and reinforce reserves. The loan, which matches an equal amount from other industrialized countries, was announced by the European Community on July 2. The loans to Bulgaria from the European Community could

total 290 million ECU under the programme being developed by the International Monetary Fund.

Slovenian President Kucan Receives Bulgarian Envoy

*AU0108204191 Sofia BTA in English 2002 GMT
1 Aug 91*

[Text] Sofia, August 1 (BTA)—Bulgaria’s ambassador to Yugoslavia, Mr. Marko Markov, was received by the president of the Presidency of the Republic of Slovenia, Mr. Milan Kucan. During his three-day working visit to Slovenia the Bulgarian ambassador had meetings with Slovenian Presidency member Ciril Zlobec, Foreign Minister Dimitrij Rupel, with representatives of the ruling coalition Demos and with representatives of opposition parties. The situation in Slovenia and Yugoslavia was discussed. The promotion of the relations between Bulgaria and Slovenia in all fields, in which both sides are definitely interested, was also considered.

Alia Accused of Silence Over Privileges

AU3007082391 Tirana SINDIKALISTI in Albanian
8 Jul 91 p 3

[Open letter by Pellumb Bataj: "Mr. President, the People Expect an Answer"]

[Text]

Several Editors of Opposition and Nonopposition Papers Did Not Publish This Item

Mr. President! The author of these lines is the same person whom you wrote about in years past, to expel him from the party or send him to prison, without asking who is in the right, and without fully verifying the case. Justice is on my side. But let us set this matter aside.

I have been beating my brains for a long time wondering who is right—the president, the Albanian Workers Party [PPSh], or the Albanian people. In recent days, I have lived through a nightmare, caused by the answer you provided in your speech to the citizens of Kukes, "As for the Shkoder events, I am innocent." I ask myself why Tirana did not suffice, and why you had to travel 200 kilometers to make such a statement. You might call such an accusation disgraceful. However, I will make a few others, quite apart from the Shkoder events, about which I know nothing.

Much mud has been slung at the PPSh, and it has received many a thrashing. You, as first secretary of the party Central Committee, remained silent. Why? Were not all the accusations true? The facts that are emerging show that they were true beyond all imagining, but that the fault lay not with the army of communists but with you, the "proletarian" leaders, whom we masses respected like gods. Do you know, comrade president, that when you, by which I mean Enver Hoxha and you yourself as a faithful comrade in the communist ideal, munched in ease and luxury, the broad masses of Albanian communists had nothing to eat but the ten communist virtues, and went to party meetings as if to councils of the gods, and did not sweat perspiration, but blood? Do you know that after a sleepless night, the ordinary communist had to render an account of the ten communist virtues, and worried about how the other members of his organization might trip him up, while you and your comrades discussed which was the best shirt and whom it suited best? This accusation has already been raised. The men of the block [reference to housing compound for top communist party leaders] trampled on the blood and sweat of the people, the leadership lounged at ease and banqueted on it. Why were you not the first to stand up and say that this is either slander or the truth? Why were you not the first to stand up and say that you were among the first in this caste of drinkers of sweat and blood? You have been criticized, and it is even said that a letter sent to you by the Finance Ministry control group has been waiting for a reply from you for a month and a half. Have you not read it?!

You have been accused directly. Why did Neshat's criticism hurt you so, and why did you travel to Kukes to reply to it?!

Start from the top. This is what you taught us, and we wanted to make progress with your "teachings." I therefore remind you: When you saw that the entire press was writing over and over again about super privileges, why did you not stand up to condemn these privileges? It is a matter of tens of millions of leks, swallowed as if by the dragons of fairy tales. As first secretary of the party Central Committee and president, you were in first place. Start counting with yourself, as the people say.

You were even in first place as a resident of the block. One of the charges leveled against Mehmet Shehu was the matter of his villa (which you later took over). It was also said that he had sent one of his children to study abroad (with a full escort). The same could be said of your son, who studied abroad and had one of your guards as his escort. Is this silence therefore proper, especially when all the former party leaders have been lambasted by the press, and one newspaper even printed a list of names in which only two were missing: yours and Nexhmije Hoxha's. The president is the foundation stone of a state, and as such must make his presence forcefully felt. In the final analysis, all this colossal expenditure took place in front of your eyes. I think that your speaking out would raise your esteem among the people, and at least restore a measure of trust.

Do you know, Comrade President, that the majority of Albanian communists did not fill their bellies with bread, but with the great ideals of communism? They believed in them blindly, and blind they remained until the winds of democracy blew. Why did you not protect them? On the contrary, you left them to the mercy of fate, and in the lurch. They were the children of the people, the people themselves. Meanwhile, you could only grin in front of the television cameras. Can we call this accusation disgraceful? You have made so many speeches. How could you fail to dissociate yourself from the path that had been followed, from the terror, from the cover-ups, from...? This would have been to your credit and the credit of the party whose first secretary you were. For 47 years, you fought against yourselves. You fought against your comrades-in-arms, and the struggle even extended to the marriage bed. Eavesdropping, shame, and deception.... How could you leave these 47 years shorn of their history. Well, you say, "let the historians deal with it..." and let the press remain silent about your privileges. Do you know, Comrade President, former first secretary of the party Central Committee, that three fatherless children of a 24-year-old mother would sleep every night in a single bed of planks, and the mother would say every night before she slept, "Oh God, oh Enver, make my children good," and that a communist would say of his own son, "let him die and let Enver live"? Do you know that.... There is no way you can know, and I am sorry for that. At least open your eyes now, now that the rest of us have done so. Our people are not vengeful. They are as stern as a mountain crag, but as tender as the waves of the sea. More than anything else, they know how to forgive. More than anything else, they trust honesty.

Extreme love, when it is disappointed, often turns into extreme hatred. In all ways. All right, Enver Hoxha stood

in your way until yesterday, and would have harmed you, but later?! What was stopping you? A leader's first job is to know where to start and how to blaze a trail. To be able to look ahead. I may be mistaken, but you have lacked this necessary gift for a statesman.

What happened to the ideals, the speeches, the trumpets, and fanfares? Why did you not answer for these things, whereas Neshat was obliged to give an answer? Why did you not give an answer, or make yourself accountable, after you ordered firearms to be used against the people when Enver Hoxha's monument was brought down? Why did you not make yourself accountable (as you still have not done) when so many mothers' sons were sent to prison in lovely, martyred Shkoder for bringing down Stalin's monument?! You are from Shkoder, but have little understanding of your people. The people's intuition and the wind of democracy rightly impelled them to bring down the monument.

We are at the beginning of July. Perhaps the date of 2 July does not remind you of anything.... However, for the people, this date of 2 July will go down in their history in the most painful and tragic way, as the day of the embassies. Why were you silent, and why do you remain silent about this day? Two scapegoats were found, and, like goats, they wandered all over Albania. No! The date of 2 July represented the people's aspirations and their sacred love of freedom, while on the other hand the rule of the dictatorship, not of the people, stood firm. This is an accusation laid against you, and the people demand a reply.

It was not so easy to wipe out the embassies. This was evident later, when no Albanian foot was allowed to cross their thresholds. The streets of Tirana in July witnessed so many wounded people, who had tried to enter the embassies. Our ports, once so hospitable to ships, were turned into military zones where not a sparrow entered without a permit. The people, making such comparisons, demand an answer. Forgive me, but you must provide it. It is your duty.

Many, many questions, speculations, and accusations require answers. I repeat once again that the spirit of our people is as broad as the ocean. The people are able to look at you straight in the eye, and, above all, know how to forgive when someone repents.

Letter Calls for President Alia's Resignation

AU3107133691 Tirana ATA in English 1003 GMT
31 Jul 91

[From "Press Review"]

[Text] The newspaper [RILINDJA DEMOKRATIKE] also carries a letter addressed to the president entitled "You Are Faced With Plenty of Facts, Mr. President," which stresses among the other things that Mr. President should voluntarily disappear from our political life.

Kapllani on Nation's Opening to Europe, World

91BA0919A Ljubljana NEODVISNI DNEVNIK
in Slovene 12 Jul 91 p 2

[Interview with Foreign Minister Muhamet Kapllani by Jelka Kusar; place and date not given: "On the Way to Europe and the World: Human Rights Are the Aspect of Our Democracy That Is Experiencing Great Changes"]

[Text] When I recently asked in Berlin what language could be used to talk with Albanian Foreign Minister Muhamet Kapllani, the hostess answered somewhat haughtily that he would have an interpreter in any case. He turned out, however, to be a charming gentleman in dark-framed eyeglasses who spoke faultless English. After the official part of the conversation, he told me that before assuming his political position he had been a university professor of philology, and that he was 48 years old and was the father of three children.

[Kusar] For many years, Albania has been said to be a closed state. Does its membership in the CSCE represent the first step in opening up to the world?

[Kapllani] I would say that Albania's opening had already begun some time ago, before it joined the CSCE. I can mention, as important diplomatic actions by Albania, its diplomatic relations with the United States, the Soviet Union, and Great Britain, which we established even before our admission to the CSCE. The democratic process that began recently was a stimulus and accelerated Albania's opening up to the world. I think that full membership in the CSCE is the high point of these diplomatic activities and of Albania's inclusion in European processes. It represents a milestone for Albania's integration into European and also world processes.

[Kusar] Albania is probably interested in cooperation with European and other states. What will be your next step in that direction?

[Kapllani] We have also established diplomatic relations with the communities in Europe, which is an important step for us, through which the circle was completed. Now another important orientation remains for Albania—cooperation with the neighboring Balkan states. We will continue to intensify relations with individual states, but everything will proceed within the framework of bilateral cooperation with European states.

In doing so, of course, we will not forget about economic cooperation with the rest of the world, with Japan, China, and other countries. Our attention, to be sure, is focused on Europe, but we will not forget other parts of the world.

[Kusar] What are your views today regarding your former friend, China?

[Kapllani] We have good relations with China, and we have economic and commercial relations that we want to develop even further, just as we also want to achieve good relations with Japan, which we have already tried to do. I think that China and Japan are a part of the world that is an important factor.

[Kusar] You mentioned the EC. Are you already imagining that you will become a member of it?

[Kapllani] I think that the issue of membership is not that close yet, but we have to hope for it. We are aware that a certain amount of time has to pass, since it is necessary to carry out certain reforms, especially particular economic reforms, and to make the transition from a centrally planned economy to a market one. That transition is not a simple one, and requires time. First of all we will have to become a truly democratic society and carry out political and economic reforms by which we will then meet the conditions for membership. As you know, the other East European states are not members yet either; the Council of Europe is an important forum and we will soon have an opportunity to obtain the status of a special invited guest. Membership in that forum is very important to us.

[Kusar] On one hand, Albania has many natural resources, but on the other hand, it is economically underdeveloped.

[Kapllani] It really is quite underdeveloped.

[Kusar] What do you have to do now?

[Kapllani] First of all, our natural resources have to become accessible to us, and we have to begin to exploit them. Albania has a great deal of natural beauty, suitable for tourism, and moreover, all the possibilities for it to become a rich and developed state. The fact is, however, that our economy is in bad shape. The former economic policy, the policy of self-sufficiency, which has turned out to be unsuccessful, is responsible for this. Even such enormous states as the United States or Japan cooperate among themselves, so then how is a small state like Albania supposed to be self-sufficient and be able to rely only on itself? That has turned out to be wrong, unsuccessful, and bad.

That is why we are now orienting our economy outward, toward the market, and deciding upon the necessary economic reforms; then we will be able to cooperate and establish ties with the outside world, with the European states, with America, and with economically powerful states. That is the way by which we would revive our economy.

We are optimistic, because we are essentially a rich, developing country, but we have to work hard, and cooperate with the rest of the world; if we do, I believe that Albania will become a developed country.

[Kusar] Will you be able to accomplish the changes yourselves, or will you need foreign advisers?

[Kapllani] Cooperation with the rest of the world does not mean only direct economic cooperation, but also the cooperation of experts. I can state that we are hard up in this area and that we need experts from the outside world. We will consequently seek them out. We have actually already begun to do so, because we know that it is necessary.

[Kusar] In the past, the human rights situation in Albania has not been the best. How is it now, and to what extent is the situation changing?

[Kapllani] Human rights are the aspect of our democracy that has experienced enormous changes recently; we in Albania have political pluralism, a multiparty system, and a pluralist Parliament. We have a government of national unity, in which all the parties are represented; we have the freedom of assembly, and the freedom to demonstrate; and we have free speech and a free press. That is a great change for Albania. Likewise, the freedom of religion and religious institutions is a great change. With all of this, Albania is coming closer to European standards.

[Kusar] Many people are fleeing the state. Is the main reason economic in nature?

[Kapllani] I think that the main motive really is economic in nature, but furthermore there is also a crisis of confidence, which is certainly associated with the economic situation. People are seeking a better life, and they want rapid changes. I could say that they are impatient.

[Kusar] Something else will have to be changed. In socialist realism people were not accustomed to working, because they received their pay in any case. A market economy has different requirements.

[Kapllani] That is also a weakness from which we are suffering. Through reforms in the political and economic system, we will try to interest individuals in work and to encourage private initiative. If we succeed in making people interested in work, we will have the key to success. That will be a great change for us, but we are aware that it will be difficult to achieve. We will use material resources to encourage people to feel that everything in the system is changing. That is essential if we want people to work harder, make more of an effort, and be aware that all this yields immediate benefits. It is important that people not remain uninterested.

Marxist Alternative Leader Criticizes BSP

AU3107135791 Sofia DUMA in Bulgarian 24 Jul 91 p 4

[Interview with Mitryu Yankov, leader of the Marxist Alternative Platform of the Bulgarian Socialist Party, by Angel Bonev; place and date not given: "I Do Not Accept the Simple Optimism of the Slogan 'We Are Many, We Are Strong'"]

[Excerpts] [Bonev] How many Marxist hardliners are left in the ranks of the Bulgarian Socialist Party [BSP]?

[Yankov] The hardliners, having supported Marxism for the past 50 years, are with the Marxist Platform. We, the members of the Marxist Alternative, do not support right-wing social democracy in the party, although we are convinced that we could borrow from social democracy all the things that are valuable. Nevertheless, we categorically deny the BSP's recent "strategy." I cannot say exactly how many we are, but we have approximately a few thousand people.

[Bonev] Are you also doomed to failure, like the radicals in the BSP?

[Yankov] As a matter of fact, the descending trend that results from the party's whole situation is affecting our ranks as well. It is no secret that the activities of the Socialists are in decline. A very strong reflex exists among the rank-and-file members, which prevails even at the level of the middle echelon. The reflex was developed to perfection under the totalitarian regime and finds its expression in the tendency to identify every ideological current with factionalism, which was regarded as an attempt to undermine party unity. Most rank-and-file party members still consider ideological currents as subversive activities in support of the opposition—namely, the enemy. Most Socialists are still acting under the influence of a peculiar self-preservation instinct—a sort of immunity factor in their system that inevitably rejects all ideological currents from the party's organism. This happens because some of the BSP members renewed their membership through inertia, whereas others were afraid of the opposition and sought protection.

[Bonev] What about the situation within the leadership?

[Yankov] Confusion is even greater in the party top leadership. At least four basic trends have developed there. The first, which is influenced by the Alternative Socialist Organization [ASO], is extremely right wing, and its supporters are trying to transform the BSP into a right-wing democratic, and even liberal-bourgeois, party.

The second is right-wing center, to which the majority of reformers in the party leadership belong. Many of the radicals, such as the leaders of the Road to Europe and the Demos platforms, are among them.

The third current, namely the left-wing center, is represented by our Marxist Alternative. We even intend to rename our movement, calling it "Left Center of the BSP."

The fourth current is the left-wing conservative trend of the Marxist Platform, which advocates a cosmetically embellished Stalinist type of party.

All these currents go from the top party leadership and reach approximately the middle echelons in the municipalities. The first two trends prevail among the leadership, whereas the rank-and-file members are rather influenced by the last two currents. [passage omitted]

[Bonev] What chances do you give the BSP if the right-wing trends prevail?

[Yankov] I would not like to be a bad prophet, but, considering our great influence on society, I do not exclude the possibility that the BSP will win the next elections. The opposition is unattractive and even repels the people. However, I do not foresee any brilliant successes for the future. The party has not awakened, and it is not likely to become an efficient organization. The attacks against the Socialists are becoming increasingly cruel: I am thinking of attempts to deprive the BSP of its property through the court trials that are already planned. All of this has a depressing effect on us. The party will appear much weaker at its next congress than it was at the previous ones, especially if the top leadership persists in its passive, wait-and-see attitude, without trying to lead the way.

Well, all of this may be justified to a certain extent, considering that the party has preserved its mass character, which is a very important condition for future elections. Nevertheless, shortcomings prevail. The party will remain passive, ineffectual, and inflexible.

[Bonev] Marxists are supposed to be natural optimists. Why are you such a pessimist?

[Yankov] I do not accept the sort of optimism that ends up with slogans such as "We Are Strong!" Sometimes I have the feeling that our party leadership is out of touch with the people and with the realities of our society. [passage omitted]

We must act in accordance with today's realities, which does not mean that the BSP should renounce the election victory even at the cost of promoting a neoconservative socioeconomic policy after that. This is not a paradox! If we continue to promote the reform at all costs, we might avoid the most excessive forms involving harsh social sacrifices, such as would happen if the right-wing forces of our opposition were in charge of the reform. People would be crushed and the left-wing parties forced into a "ghetto." [passage omitted]

This is the main goal of the Bulgarian right wing, while we are pretending not to notice. With the support of the West, the right wing of the Union of Democratic Forces is even pushing out the center opposition. It is their purpose, before attacking the BSP, to eliminate their own social democrats. Hence, it would be a loss for the entire Bulgarian social democracy if we were defeated in the elections. A scenario already tested in the other Eastern European countries would be enacted in our country.

This is how the political offensive of the right-wing forces is expected to function.

BNDP Participation in National Consensus Bloc*AU3107171691 Sofia DUMA in Bulgarian 26 Jul 91 p 2*

[Report by Milena Nikolova]

[Text] The Bulgarian National Democratic Party [BNDP] will probably participate in the elections, united with the Bloc for National Consensus, Luchezar Stoyanov, the party chairman, announced at the news conference in Sofia on 25 July. He said that, regardless of the BNDP's disagreement with some of the Constitution's articles, it can be accepted as a guarantee for lawfulness.

The main topic of the news conference was the bill on the free expression of the cultural and religious character of the Bulgarian citizen, prepared by a team from the party. The BNDP chairman said that it would be submitted as an addition to Article 35 of the Constitution. Luchezar Stoyanov did not fail to note that the BNDP must be seen as a purely conservative party that will focus its attention in the forthcoming elections on the separate individuals and their interests. He told a DUMA reporter that the relations between the Union of Democratic Forces and the BNDP can only be based on fair competition.

BZNS-United Parliament Group Chief Interviewed*AU0108105291 Sofia BULGARSKA ARMIYA in Bulgarian 26 Jul 91 p 3*

[Interview with Metodi Nedyalkov, chairman of the parliamentary group of the Bulgarian National Agrarian Union-United, by Valeri Vasev; place and date not given: "After Uniting, Our Rating Will Rise"]

[Excerpts] [passage omitted]

[Vasev] We cannot but note the place of the "street" in politics. What is your view on this?

[Nedyalkov] It is not easy to answer because very often the "street" expresses public opinion, or at least constitutes a social basis for assessing public opinion. However, we should not forget that the "street" frequently expresses a psychosis of the moment. When emotions take the upper hand, this may be a phase of destruction, of disintegration of standards both in social life and in ethics. Moreover, in my opinion, the utilization of the psychosis of the moment for doubtful aims is nothing by abuse. [passage omitted]

[Vasev] What is the situation in the Bulgarian National Agrarian Union [BZNS]? You belong to the Nikola Petkov BZNS, do you not?

[Nedyalkov] I am traditionally a Nikola Petkov supporter for family reasons, but I was also deputy chairman of the Association for Defense of Human Rights. We are now about to hold a unification conference in order to proclaim the party of the BZNS-United; this is our final goal. [passage omitted]

[Vasev] You have differences with the so-called group of Mr. Milan Drenchev. What precisely are these differences?

[Nedyalkov] First of all, it is not very clear what this group is defending, as you correctly indicated. We criticize it for a certain inconsistency. At one time, about a year and a half ago, when the unification was first raised, we failed to

unite only by a hair's breadth; the only outstanding issue was whether the BZNS should be within the Union of Democratic Forces [SDS] or be an independent political force outside it. At that time, the Nikola Petkov BZNS advocated remaining in the SDS, while the other BZNS was for autonomy, independence, and noncommitment—they supported forming a common front with the SDS, but not a formal coalition. In my opinion, this issue should no longer exist because the opposition itself has no uniform image.

[Vasev] Does not the question of the responsibility of the so-called official BZNS lie at the center of the differences?

[Nedyalkov] We are not taking this issue off our agenda, and it can be resolved. We consider that this can happen when a fair commission composed of political, historical, and other experts makes a pronouncement on the entire 45-year period. The same commission should also issue a pronouncement on the property of the BZNS. We consider that this will be the fairest way. [passage omitted]

[Vasev] A final question before we conclude our conversation. Do you consider that the BZNS can offer a change in society and win society's trust?

[Nedyalkov] I am sure that the BZNS is a real political force, even in its imperfect form. The very proclamation of the BZNS-United and its registration as a party will win us great trust. All of the symptoms of the change in public opinion indicate this. [passage omitted]

BSP Daily Explains Opposition Factions*AU3107114391 Sofia DUMA in Bulgarian 24 Jul 91 p 4*

[Article by Mila Manova: "Who Is Who in the Opposition?"]

[Excerpts] The year 1991 kept about 20 percent of the voters away from the ballot boxes and did not leave much greater hopes for the parties outside parliament, while the major political forces had the chance of demonstrating their skills in administration. One of them continues to behave and feel like an opposition.

What does the Union of Democratic Forces [SDS] represent today? It is a difficult question to answer, even if we simply try to outline its structures. Three factions—an SDS-Movement, an SDS-Center, and an SDS-Liberal Bloc—are in the process of development. Their mutual relations are not clearly defined and are constantly changing. The SDS-Movement contests the legitimacy of all the others but insists on the common symbol. It prefers the goals and tactics of 1990. It relies on the permanent revolutionary spirit and on the emotions of the masses, on rallies and attacks against the official institutions. It does not give priority to its structures and does not speak of programs.

The SDS-Center, whose largest member is the Bulgarian Social Democratic Party [BSP], advocates a new strategy, without denying that its goals are approximately the same. The center is striving for moderation, a constructive approach, and greater flexibility. It has a more clearly defined concept about the meaning of transition, which it is ready to defend. The SDS-Liberals also demonstrate a new strategy while adhering to liberalism as a basic principle of the reform. [passage omitted]

Because of its highly aggressive nature and because it retains the daily DEMOKRATSIYA as its own organ, the SDS-Movement appears to be the most powerful faction. Nevertheless, the symptoms revealing its wish to "take over" the supporters of the other factions by eliminating their leaders show that it does not have enough followers. This is confirmed by the results of public opinion polls.

The two moderate blocs are eager to preserve their own image and specific features. They are subject to great pressure and are constantly forced to advertise their confrontation with the Bulgarian Socialist Party and their loyalty to the opposition.

Can unity be achieved under such circumstances? [passage omitted] It is not clear through whom and for the sake of which goals unity could be consolidated. The necessity of "eliminating the BSP [Bulgarian Socialist Party]" cannot provide an answer for all questions. There is another controversial topic, a subject that does not appear in the open disputes of the opposition but that evidently exists and is even quite topical. It is the question of monarchy and monarchism. (We are not talking about the parties that openly struggle for the Turnovo Constitution. They, at least, are openly defending their cause). The SDS-Movement angrily rejected the idea of solving the problem through a referendum. The question of confirming the republican Constitution without a referendum was also rejected as totally undesirable, regardless of the fact that the argument is far removed from the "crucial problem." [passage omitted]

The three SDS factions' methods of struggle, as such, are also emphasizing their differences. The evolutionary path of building modern societies is a traditional European method, the only one in human society that guarantees the establishment of solid democratic foundations. Revolutions and restorations have followed each other throughout the history of our continent as long as the trend that is slowly but irrevocably leading the peoples to democratic culture has prevailed. The aspiration of starting each time from "zero," with a revolutionary act, has never produced such positive results. Regardless of the fact that the mentality of the Bulgarian people is closer to the totalitarian methods, the arguments of the SDS-Center and the SDS-Liberals are sufficiently convincing and justified.

The chances for a joint election campaign and a common election platform of the three SDS factions are slim. There is no dialogue among them any longer; it is rather a war they are waging. In 1990, a common image of parties and leaders was formed in opposition to the BSP. Today, a voter who is hesitating but feels closer to the blue color of the SDS will have great difficulties in making his choice.

Petur Beron was a hero last year, and now he is considered a traitor. Petur Dertliev underwent numerous transformations in the eyes of the SDS-Movement. From a renegade who had congratulated Stalin in the past, he became a communist agent. Karakachanov is considered a "red."

In the meantime, Stoyan Ganev poses as a Christian Democrat but talks about a social welfare state. The Radical Democratic Party practices radicalism but leaves

democracy to others. On the other hand, it has no fewer than three leaders. The Alternative Socialist Party [ASP] becomes social and liberal, but it is not clear what the alternative should be—socialism or liberalism. Who is and who is not the legal representative of the Green Party, of Ecoglasnost, of the Democracy Clubs? The voters will be confused, and there is too little time to clarify all the profiles.

Is it not logical for people to be puzzled? They are offered a common blue banner and the slogan "Down With Communism," but no one tells them what should happen after the elections.

This is perhaps exactly what our opponents rely on, but, according to sociological experts, our citizens have become a little more wise and demand more clarity.

Presumably, they will have a greater choice. A united Agrarian Union and the parties with a nationalistic orientation are presenting themselves as serious competitors. The Bulgarian people's single-minded fixation on two political colors belongs to the past. The slogan "What Harms the BSP Is Useful for Bulgaria" is no longer effective. Totalitarianism can have many names. Everyone in the opposition will be forced to answer the question: Who is who?

Zhelev's Podkrepa 'Hostility,' Statement Criticized

*AU0108134091 Sofia DEMOKRATSIYA in Bulgarian
26 Jul 91 p 5*

[Article by Asen Michkovski: "What Is the Other Scenario, Mr. President?"]

[Text] A meeting of the political forces represented in parliament took place on 16 July 1991. It was attended by President Dr. Zhelyu Zhelev and Prime Minister Dimitur Popov. In his statement to this broad political audience, Mr. Zhelev declared the following: "For this reason alone (meaning the preservation of social peace), I have been striving and will continue to strive to find compromise solutions to solve all the problems that are likely to become a source of increasing tension and turn into a scenario for a different development of political processes." Thus, for the first time in his capacity of president, Mr. Zhelev used the word "scenario" with reference to the political processes in our country. In addition to this, his statement implied his obvious preference for our present development scenario. This is rather a strange view for a man who created the opposition and who has so far embodied it in the eyes of the public, irrespective of his presidential functions. This strangeness stems from the fact that the current "scenario" has led to a virtual split in the opposition, to the legalization of the ruling party on the basis of the new Constitution, and to considerable progress in the process of establishing the economic power of the former *nomenklatura*. In other words, the current "scenario" is likely to considerably prolong the presence of the Bulgarian Socialist Party [BSP] on the political scene.

In his statement at the aforementioned meeting, the president also unequivocally supported the actions of Mr. Danov, minister of internal affairs. These actions were

actually implemented by the batons of the special security service units and were directed against the bodies and heads of National Assembly deputies, who are supposed to enjoy the privilege of immunity. In this connection, Mr. Zhelev pointed out as follows: "I am sure that one could not act otherwise under the circumstances. The other option would be to permit people (evidently referring to the deputies who were on hunger strike) to come here and attack the parliament building, in an obviously premeditated action, while the members are adopting the Constitution."

In his introductory statement to the political forces, the president adopted an openly hostile attitude toward the Podkrepa [labor federation] organizations in the Bulgarian Radio and Television, saying: "The problem of Podkrepa and of its presence in the Bulgarian Radio and Television remains open. This question should be resolved sooner or later because it involves a secondary politicization of the institutions that we have recently depoliticized, and these circumstances present a danger, particularly in a situation such as the one we are currently facing." In other words, Mr. Zhelev is openly declaring himself against one of the two labor organizations of radio and television employees. He declares his hostility toward the very organization that has the greatest international prestige and is a member of the International Confederation of Free Trade Unions. Unfortunately, there is nothing surprising about the president's attitude, considering that, in his view, "the great, the most important thing is that Bulgaria has a new Constitution and that this democratic Constitution is already in force." The fact is that Article 12, Paragraph 2 of the "new" and "democratic" Constitution reads as follows: "Associations of citizens, trade union associations included, shall not adopt political goals and shall not engage in political activities, this being the prerogative of political parties." Yes, trade unions should not engage in political activities, but there are hardly any trade union demands that can be fulfilled without pursuing political goals, not to mention the fact that such a ban entails great dangers for the trade unions because nearly all of their activities could be interpreted as political and could be outlawed, with all of the consequences that would entail. As a matter of fact, the president's previously cited statement clearly shows his negative attitude to Podkrepa. Obviously, the thought of the imaginary monarchist institution, which has been artificially linked to Dr. Trenchev [chairman of Podkrepa], and the idea of a 500,000-man trade union affect the logic of the president, who has a degree in philosophical sciences.

In his closing remarks, the president once again emphasized the necessity for a compromise between the political forces for the sake of social peace. Nevertheless, Mr. President, Podkrepa is one of the most reliable guarantors of social peace in the country. Podkrepa has confirmed this by its behavior and actions on several occasions. As far as the question of compromise is concerned, for the time being it only leads to a "peaceful transition from nothing to nothing," as Prof. Nikolay Vasilev recently wrote. Compromise is leading us to the unhindered economic

establishment of those against whom we marched two years ago, under your leadership, Mr. President.

Last but not least, let us dwell on a memory, Mr. President. You have undoubtedly long since forgotten this minor episode. It was immediately prior to the second round of the 1990 elections, at a rally of the Union of Democratic Forces [SDS] that took place at the Mladost housing development in Sofia. On that occasion, I jokingly asked you to give me your autograph—on the cover of a BSP propaganda leaflet, of all things. I would very much like to believe that this was really a joke because today's "scenario" must change in every respect, because we should once and for all part with the "perestroyka," Mr. President, and because otherwise we will forever belong to the sociocultural sphere that stretches from Odessa to the Bosphorus, as a friend of mine stated and wrote on several occasions.

Opportunities for Bond Market Discussed

91BA0892A Sofia DELOVI SVYAT in Bulgarian
8 Jul 91 pp 1-2

[Interview with Khristo Milenkov, deputy director of the Sofia Stock Exchange, and Docent Simeon Elazarov, stock exchange expert, by Mariya Georgieva; place and date not given: "The Sofia Stock Exchange Offers Trading in Bonds"]

[Text] [Milenkov] There is no secondary bond market in Bulgaria. A purchased bond remains private property until redeemed or until its payment falls due. A bond cannot be converted into cash quickly, if cash is needed. If its owner decides to sell the bond, he loses the accrued interest.

[Georgieva] What can the Sofia Stock Exchange offer to bondholders?

[Milenkov] The stock exchange could offer a place, rules, a system for trading in such bonds and, eventually, a mechanism for determining their market value. The idea is to revive trade in this type of security.

[Elazarov] The objectives are two: On the one hand, the stock market would like to open its doors to any security that is being traded because that is an ideal type of exchange. It would provide a balanced price, thus proving to all that there is no speculation and no endless chain of middlemen, each of whom is robbing the other and, in the final account, robbing the customer. This is one of the objectives. The second is the need for the Bulgarian people to alter their thoughts, views, and behavior. They must realize that money is also a commodity that can be bought and sold.

[Georgieva] Would anyone be able to go to the stock exchange and offer his bonds for sale?

[Milenkov] The bond sale will take place through brokers. A citizen could turn to a certain brokerage company or a bank that is a member of the stock exchange and ask it to sell his bonds under certain conditions.

[Georgieva] What sort of conditions?

[Milenkov] A bond has a certain assessed value. If the interest for a nine-month period is, for example, 15 percent, it would average 1.5 percent monthly. In other words, the estimated worth of a 100-leva bond after it is held for a period of five months would be 107.5 leva. However, its market value will fluctuate within certain limits, depending on supply and demand. The owner of a bond could stipulate that he wants to sell it for no less than 105 or 106 leva, let us say.

[Georgieva] Are there any restrictions on the number of bonds that could be offered for sale on the stock exchange?

[Milenkov] Bonds come in different series. There are bonds for 100, 1,000, 10,000, and 50,000 leva. Anyone could sell the bonds he owns. The obligation lies elsewhere: On the stock exchange, the bonds will be sold in packages and not separately. There will be a daily quotation. If it is determined, for instance, that a 50,000-leva block will be traded, this may mean a single 50,000-leva bond or 50 1,000-leva bonds. The broker must compile the orders from his clients for predetermined amounts.

[Georgieva] Could bonds be traded at any regular exchange session?

[Milenkov] It would be better for such trading to take place at a specialized session. All will depend on the activeness of this market.

[Elazarov] Let us reemphasize that this will be a secondary bond market. The primary market remains the sole monopoly of the state and the Bulgarian National Bank. So far, we have not had a secondary bond market. Naturally, people have traded bonds, but on an entirely primitive basis. The state, as well, could participate in this secondary market because it, too, is a customer.

[Milenkov] Bonds yield a fixed dividend. Whether it has the funds or not, the state has assumed the obligation to pay the promised interest. If the state so desires, it could redeem some of the bonds ahead of schedule and thus save itself some expense. However, the state's guarantee does not change if bonds change hands.

[Georgieva] Who pays the brokerage fees?

[Milenkov] The commission is substantially lower in this type of trading than in the case of shares because, if the stock exchange were to charge a high percentage fee, it would eat up the profit that should go to the purchaser and the seller.

[Elazarov] Such a fee is paid to the stock exchange by both the seller and the buyer. The seller pays approximately 0.1 percent of the total amount of the deal, and the same amount is paid by the buyer. This is for the service performed by the stock exchange and to enable buyers and sellers to come together. Other than that, a certain percentage is paid by both buyer and seller to their brokers. These are approximate figures. The stock exchange is a nonprofit organization. Its purpose is not to steal from its customers. The percentage depends on the volume of sales. If the volume of sales is high, the percentage is minimal.

[Georgieva] What difference will there be between a stock exchange that sells shares of stock and a bond market?

[Milenkov] The bond market will be a real security market involving trade in stocks, bonds, and so forth. In that sense, it could also become the primary market for state bonds, should the state seek to establish the real value of the bonds it issues. There is no precedent in Bulgaria, but, in principle, there is no reason for private companies not to offer bonds, stocks, and other securities on the market. This is a regular practice in other countries. In the future, if a stock exchange undertakes to engage in such activities because it functions more energetically, provides better quality services, and offers faster liquidity, the customers will go to it. However, if a stock exchange develops a market with greater liquidity, it does not take over the functions of a bond market because it considers bonds a commodity with a precisely set nominal, as well as variable, market value.

Visa Regulations Tightened for Asians, Africans

AU0208081691 Sofia DUMA in Bulgarian
30 Jul 91 pp 1-2

[DUMA PRESS report]

[Text] The citizens of India, Ghana, Nigeria, Ethiopia, Pakistan, and Sri Lanka who for several months have turned the Sofia Central Station and the suburbs of Sofia into a temporary camp on their way to Western Europe will now be compelled to seek other ways of emigrating. The Ministry of Foreign Affairs has lowered the barrier by its decision to introduce certain restrictions in the visa regulations for the above-mentioned Asian and African countries.

Meanwhile, the number of "tourists" on their way to the developed democracies has reached 11,000. For most of them, the traffic lights have refused to go green, and they often attempt to leave Bulgaria with false documents. However, the Yugoslav or Romanian border authorities turn them back. The lack of money for subsistence drives them to commit crimes. According to the information of the Ministry of Health, some of them are carriers of infectious diseases like cholera and AIDS, and present a real risk for a possible epidemic to break out.

This is why individual tourist vouchers will no longer be sufficient for obtaining an entry visa. The Bulgarian consular services will demand an officially certified invitation to visit.

Tourist groups and businessmen in possession of official confirmation from the Bulgarian firms with which they are dealing, or letters from the commercial and tourism services abroad, will continue to receive entry visas in the normal way.

The restrictions we are introducing relate only to the summer months and are a temporary measure that will not solve the problems. The solution is to create a Bulgarian immigration service, believes Kiril Shalamanov, deputy head of the Consular Department at the Ministry of Foreign Affairs.

Carnogursky Assesses 100 Days in Slovak Office

LD0208053291 Prague Ceskoslovensky Rozhlas Radio Network in Czech 1200 GMT 1 Aug 91

[Text] Slovak Prime Minister Jan Carnogursky assessed in Bratislava today results achieved by the reconstructed Slovak government during its 100 days in office. He recalled government measures which have helped to solve urgent economic problems in the aluminium works in Ziar and Hronom, the Mochovce nuclear power station, the Gabcikovo water project, and conversion of the arms production. Prime Minister Carnogursky then said that denationalization is in progress in the health service. In the interest of removing ideological bias, primary and secondary school directors have been replaced. A total of 100 million korunas has been allocated to scientific and technical tasks to improve the quality of life. A further 50 million korunas will be spent by the cultural sector on investment projects, and 90 million korunas will be spent on protecting historical monuments in Slovakia.

Social Democrats Reject Slovak Home Guard Idea

AU0108175591 Prague CTK in English 1313 GMT 30 Jul 91

[Text] Prague July 30 (CTK)—Chairman of the Czechoslovak Social Democratic Party [CSSD] Jiri Horak at a press conference today rejected the idea of setting up a home guard in Slovakia.

The proposal was made earlier this month by Christian Democrat Jan Klepac, deputy chairman of the Slovak National Council, but the deputies rejected it.

Last week, Slovak Premier Jan Carnogursky said the Slovak government had not dealt with the proposal and does not intend to do so. But he did not rule out the possibility that it might be reconsidered at a future date if security requirements in Slovakia demand it. In such a case, the Slovak government would coordinate its moves with the Czech and Federal Governments, he added.

Horak said a democratic law-abiding state can use constitutional means to defend itself against an external enemy, i.e. the Army, and has institutions to provide for the security of its citizens, i.e. the police.

Horak also expressed reservations about allowing people who helped liquidate the Social Democratic Party in 1948 to join the present-day CSSD.

One controversial new member is Jiri Hajek, Czechoslovak foreign minister in 1968, whose admission into the CSSD by one of its local organizations has set off a party dispute.

Daily Reveals More Intrigue in Arms Exports

AU3007173891 Prague MLADA FRONTA DNES in Czech 27 Jul 91 pp 1-2

[Report by Viliam Buchert: "It Was Omnipol, Not Pistols, and They Did Not Go to Yugoslavia"]

[Text] Prague—Thursday's edition of the Belgrade daily BORBA carried a report stating that 2,000 pistols and 5

million rounds of ammunition produced in Czechoslovakia and supplied by Omnipol [a foreign trade enterprise] were stolen in Kardeljevo (previously known as Ploc). Because this enterprise does not export pistols, we sought an explanation from Engineer Milan Benes, the commercial director of the Merkuria shareholding company—which actually exports pistols—and from Omnipol and Federal Ministry of Foreign Trade representatives.

Engineer Milan Benes from Merkuria: "Croatian Interior Minister Josip Boljkovac ordered a consignment of pistols from us last October for the Croatian police force. This order was completed on 21 November 1990 and was delivered by a Czechoslovak Airlines aircraft. The customs clearance was in order and the pistols and ammunition were dispatched to Zagreb. (As the MLADA FRONTA DNES reporters were able to see for themselves in Croatia, the local police force is already using the pistols in carrying out their duty.) This was a legal order sanctioned by the competent authorities in our country and in Yugoslavia.

"Since that time we have not exported any pistols to the SFRY, and, following a request from the Belgrade government, the export of hunting weapons and other firearms has been suspended by our Federal Ministry of Foreign Trade since 1 March.

"The report carried in BORBA is journalistic nonsense because 5 million rounds of ammunition represents approximately 70 tonnes (roughly 30 cubic meters) of material. It is impossible to transport this without being noticed."

Engineer Nohejl from Omnipol's Commercial Department: "The consignment in Kardeljevo belongs to our enterprise, but we have not exported pistols to Yugoslavia or to any other third country outside the SFRY for the past four years."

The Federal Ministry of Foreign Trade Press Department and staff from the arms export department: "The BORBA report is not based on the truth.

"The arms consignment from Omnipol was indeed realized and was designated for a third country overseas. However, pistols were not involved, and we cannot give you further details now concerning the destination country."

In this case it is obvious that not just tank exports can lead to complications. What was contained in the Omnipol consignment (munition perhaps?), and where it was dispatched to (to a country in a strife-torn region of the world? However, there is talk about India) is still a mystery. Will the enterprise involved and the Federal Ministry of Foreign Trade be able to give a satisfactory answer to this question?

Hungarian Group Denies Smuggling Israeli Arms

LD0108185691 Prague CTK in English 1346 GMT 1 Aug 19

[Text] Bratislava Aug 1 (CTK)—The Hungarian Independent Initiative [MNI] announced today it would ask the federal Interior Ministry to investigate a statement made last week by an adviser to the Slovak National Democratic

Movement that Israeli arms were being smuggled into south Slovakia, allegedly destined for the minority Hungarian population.

Lieutenant Colonel Petr Socha said at a press conference on July 25 that Israeli-made pistols and machine guns were being smuggled into the region. Asked who the arms were for, he replied: "We cannot say definitely whom they are for, but they are obviously not for Slovaks."

Socha supported a proposal made three weeks ago in the Slovak parliament for the creation of an armed Slovak home guard, saying, "We must be aware that the situation in neighbouring countries is tense, and Czechoslovakia's defence policy is still using outdated methods."

MNI Deputy Eleonora Sandorova told reporters today that if Socha cannot substantiate his claim, the MNI will take the case to the military prosecutor.

Socha's statements were aimed at stirring up trouble and disturbed relations between Slovaks and Hungarians in south Slovakia (where most of Czechoslovakia's ethnic Hungarians live), Sandorova said.

Miklos Duray, chairman of the Coexistence Movement, one of three Hungarian political movements in Czechoslovakia and a federal parliament deputy, yesterday told a Hungarian-language daily: "The claim that Hungarians in Slovakia are preparing for armed conflict with weapons smuggled in from Israel, as written in some Slovak newspapers, is false."

The Hungarian news agency MTI has quoted Duray as saying the rumour was created to increase nationality tensions. He said anti-Semitism is still strong in Slovakia, and that "half of Slovakia insists on the expulsion of the Hungarians."

Slovak Interior Minister Ladislav Pittner told the Slovak daily SMENA that the ministry is following the case and that there have been sporadic reports of weapons movements, all associated with Soviet soldiers stationed in Czechoslovakia. "These are not Israeli arms," he said.

"The Slovak government has not ordered any arms, either in south Slovakia or in any other region," Slovak Premier Jan Carnogursky told a press conference today. He said the government will look into the matter and issue a statement once the investigation is completed.

Ambassador to Brussels Granasztói Interviewed
91CH0759C Budapest HETI MAGYARORSZAG
in Hungarian No 25, 19 Jul 91 p 25

[Interview with Dr. Gyorgy Granasztói, the ambassador to Brussels, by Peter Kamaras; place and date not given: "Do All Roads Lead to Brussels? The Goal: An Associate Agreement—NATO and the New Tasks"—first paragraph is HETI MAGYARORSZAG introduction]

[Text] He moved to the Belgian capital last November to represent our country as its ambassador and as a diplomat. Dr. Gyorgy Granasztói's change in career came as no small surprise to those who knew him as a historian before. In his latest capacity he was the docent of the Medieval Hungarian History department at the Lorand Eotvos University of Sciences. As a visiting professor he lectured at a number of European universities.

Diverted Scientist

[Kamaras] Mr. Ambassador! Could it be that you got fed up with teaching and therefore, your heart drew you to diplomacy, or am I wrong?

[Granasztói] This is mistaken assumption; the idea of changing my career did not even occur to me. And I wanted to become a diplomat to an even lesser extent! I will start my story with a little detour so that you better understand why I deviated from my original goals. I helped the Hungarian Democratic Forum [MDF] by using my knowledge of languages and connections, I was part of the opposition movement ever since the middle 1980's. I decided to terminate my involvement in politics after the elections and return to scientific work. I was just about to leave for Berlin where I was to receive a scientific scholarship and write two books.

[Kamaras] The scholarship is gone. Is foreign service that much more enticing?

[Granasztói] I took over the leadership of the MDF foreign affairs committee from Geza Jeszenszky. Last summer I was inclined to listen to the calling, my friends explained that the administration was in great need of my expertise and connections. But still, as far as I was concerned, the decisive argument was the fact that I was to be assigned to Brussels. To represent Hungarian interests in the framework of European integration constitutes a challenge which I was simply unable to reject.

[Kamaras] The past months have proven the key importance of the Brussels representation from the standpoint of Hungary. NATO's changed role came to the forefront as a result of a transformed European security system. At the same time, the relationship between Hungary and the European Community is becoming increasingly lively. In regard to the latter, how are the negotiations going as far as Hungary is concerned?

[Granasztói] I would like to stress that by 1 January 1992 we must consummate an agreement of association with the EC. In this context the Hungarian delegation must sit down and negotiate once every month. A highly experienced and well-prepared delegation headed by the Ministry of International Economic Relations Division chief,

Endre Juhasz, represents the Hungarian interests. The fact that a few months ago, the foreign ministers of the Common Market member countries resolved to support the consummation of agreements with the three East European countries is part of this matter.

[Kamaras] We understand that the issue involving Hungarian agricultural products underwent some interesting development. What can we count on?

[Granasztói] Agricultural products are highly subsidized within the EC, and the importation of Hungarian agricultural products could cause a rather significant drop in prices. As a result of this, we would be able to enter this market with our own products only as a result of a significant breakthrough. In my view, the consummation of the agreement of association reflects a certain asymmetric situation. Namely, if we were to immediately acquire full membership, the EC could choke Hungary, to use a bit of exaggerated language. On the other hand, this asymmetric situation, the agreement of association permits us to relate to the Community as equal partners in certain fields. One such field is the already mentioned sale of agricultural products. In other areas, however, our economy requires significant financial and intellectual capital because without such investments, we would not be able to achieve the so highly desired equality.

[Kamaras] What does it mean from the standpoint of Hungary that [the EC] is also conducting parallel negotiations about agreements of associations with Czechoslovakia and Poland?

[Granasztói] We all are awaiting acceptance, and I believe that no former socialist country should be left uncertain concerning acceptance. The agreement of association provides an excellent opportunity for transition, but at the same time the basic principle already propounded by the EC leadership must prevail. None of the countries can receive preferential treatment, every country must enjoy the same rights in its search for relations with the Community.

[Kamaras] One could say that negotiations progress as scheduled. In this regard, it is likely that the way Hungary is viewed plays a significant role. Mr. Ambassador, how does Hungary's score card look in Brussels in your view?

[Granasztói] It would be an exaggeration to proclaim that they developed a picturesque view of Hungary and that they regarded the situation as a Garden of Eden. Aside from that, however, the view about Hungary is rather good, and I stress this also because in Hungary we often experience weak-heartedness and unwarranted pessimism. The general view is, and I as the ambassador have personal experience in this regard, that in their eyes Hungary ranks first among the former socialist countries of East Europe. This is because Hungary has no ethnic affairs, the political institutional system has already been modernized and the privatization process is progressing in the right direction. This favorable score card represents a psychological advantage to Hungary which accelerates the progress made in negotiations relative to the agreement of association.

[Kamaras] To change the subject, the mission to Brussels also has some other important implications. This involves NATO, an organization which is transforming before our eyes. To what extent has NATO's new role been defined?

[Granasztoi] I would say this, NATO has reached the phase of intensive thinking. This includes views held about NATO's political future, its military strategy, and about the management of the security policies of the East European countries. We have stressed repeatedly that Hungary was not aiming for membership in NATO. On the other hand, NATO needs to be fully transformed, because it was established to counter the Soviet threat and by now it must measure up to new tasks. NATO is expecting to see Mr. Walesa, the Polish head of state, in July; Prime Minister Jozsef Antall will address NATO in October. These two facts alone show that NATO endeavors to build rational relations with the former socialist countries.

Open Doors

[Kamaras] Summarizing what you said, Mr. Ambassador, one could say without exaggeration that you play an active role in the new chapter of Hungarian diplomacy. Did you count on playing this epochal role?

[Granasztoi] Well, you see, this is precisely why I agreed to serve as ambassador. I never had any doubts about the crucial role played by Brussels. But I learned the meaning of representing a small country here, only after I assumed my post. Within a week or two after my arrival all doors opened to the Hungarian ambassador. Belgium and Holland, for example, have provided great help to us in the course of international negotiations; this applies mainly to formulating negotiating tactics and to certain cooperative endeavors. Although I was not a diplomat before, for the reasons discussed, I enjoy a psychological advantage which greatly facilitates my work.

MDF Internal Opposition Grouping Alleged

91CH0759A Budapest MAGYAR NEMZET
in Hungarian 15 Jul 91 p 3

[Article and interview with Imre Kiraly, the organizer of the Hungarian Democratic Forum, MDF, Opposition Grouping, by Hajnalka Cseke on 14 July; place not given: "It Came to Light Prematurely; MDF Opposition Grouping Intends to Serve as a Bridge"]

[Text] Based in information received from certain political circles we reported in our 12 July issue that members of the Hungarian Democratic Forum [MDF] call for the renewal of the MDF in several places in the country. The masthead of one of the appeals received by MAGYAR NEMZET read as follows: "Opposition Grouping of the Hungarian Democratic Forum, 6000 Kecskemet No. 84, Fifteenth of March Street."

In this relation, National Assembly representative Jozsef Debreczeni (MDF) issued the following statement to MAGYAR NEMZET:

"I have been the MDF chairman in Kecskemet for two years, and presently, I am a member of the city board. I should be aware of an opposition grouping within the local

MDF if one had been formed. I am not aware of such thing. According to information I received, Imre Kiraly, the one who signed the appeal was not a member of the Kecskemet MDF, he requested his transfer from the Nagykoros MDF to our organization about a week ago. Sandor Kulin, the National Assembly representative from Nagykoros told me that Kiraly has stirred up several stormy events in the Nagykoros organization. I have good reason to believe that Kiraly suffers from an itch to be in the limelight. As far as I know he wrote a letter to Jozsef Antall not too long ago calling his attention to the organizing efforts of an opposition grouping in Kecskemet. Kiraly has no support whatsoever, he alone wrote the letter, thus he announced himself as an opposition grouping."

In conjunction with this matter, the Kecskemet City organization of the MDF issued the following statement:

"The Kecskemet City organization of the MDF rejects the statement attributed to the MDF Kecskemet opposition grouping by the author of an article 'Don't Be Scared, Don't Back Off!' published in the 12 July issue of MAGYAR NEMZET. The MDF organization in Kecskemet stands united at all times on the grounds established in the Lakitelek founding charter. We are not aware of any kind of opposition grouping. Our general meeting elected a new leadership recently, neither there, nor prior to that occasion has a proposal been made within the city organization to the effect that we should join some kind of internal opposition. Not a single member of ours has indicated that he would establish an opposition grouping. We have internal disputes of course, but we would not have been able to delegate three National Assembly representatives and 12 representatives to the autonomous city government had we not been united. We understand that Imre Kiraly is behind the so-called 'opposition grouping.' He was a member of the Nagykoros organization and requested his transfer to the Kecskemet organization three days ago. We once again delimit ourselves from his irresponsible action and see no way to regard him as a member of the Kecskemet organization of the MDF in the future.

"Kecskemet, 12 July 1991. The board of the MDF organization in the City of Kecskemet: Dr. Istvan Janko Zaharovics, Laszlo Katona, Ferenc Balai."

We contacted the author of the appeal on Sunday. He said that he was sorry to learn that the press revealed his initiative prematurely. He wanted to go public during the fall and to mobilize members of the MDF who believe that the MDF has departed from the path charted in Lakitelek. As long as this was the situation, however, he stood behind his action:

[Kiraly] I am Imre Kiraly, age 42, an economist. I joined the MDF on 22 May 1989. Before going further I would like to clarify a misunderstanding. The masthead on the appeal did not suggest that an opposition grouping was being formed within the Kecskemet organization of the MDF, instead it showed the postal address of a nationwide MDF opposition 'network.' This address may be used by

MDF members who agree with the contents of the appeal and wish to become members of the MDF Opposition Grouping.

[Cseke] Why did you say that the press reported your organizing efforts "prematurely"?

[Kiraly] Many people are still afraid to lend their names to the opposition organizing effort. The idea of establishing such an opposition group occurred to me and to 15 MDF economist colleagues of mine a year ago in July. We could have formed an association, after all 10 founding members would suffice to do so, but as a result of various political and practical consideration we did not choose that path. That group was dissolved, but I did not give up. I keep in touch with about 100 MDF members in various cities in Hungary who think the same way as I do. At this time the idea to issue an appeal to form an internal opposition within the MDF has matured.

It is not our purpose to topple the Antall administration. To the contrary, we would like to see the MDF return to the "Lakitelek path." The Kecskemet headquarters would serve as a "bridge" and I hope that it will perform that function between various trends within the MDF.

[Cseke] How many members did the opposition organizing effort attract?

[Kiraly] It would be premature to discuss this matter, because there are many who do not lend their names to this cause. This is one reason why I forwarded the appeal to a nationally known MDF member, seeking his support and help to our organizing work. I am not alone, and this will be revealed shortly.

[Cseke] It is odd that you are organizing an opposition grouping but at the same time you "report" your action to Jozsef Antall.

[Kiraly] "Reporting myself" is not at all at issue, but I was curious how the prime minister would react if he learned about the existence of a grouping like this.

Relative to this matter Antonia Szigetvari, a former member of the MDF Kaposvar organization, told this newspaper that she herself knew of local MDF groups whose members were dissatisfied with MDF policies. She explained that contrary to the statement of vice chairwoman Gabriella Farkas, MDF members are leaving the organization not because they have "dried up" or because they have no energy left after their daily work to pursue political discourse.

Instead, "we got tired of the windmill struggle, the fact that our critical remarks are not heard at the Bem Square headquarters in Budapest. Even though it is our intent to improve the situation," she stressed. Szigetvari said that last fall 80 MDF members quit the Kaposvar MDF organization, and to her knowledge the organizations at Siofok, Kadarkut, Fenyves, and Somogyaszalo were not at peace either.

Democrats Request Removal of Unqualified Teachers

AU0108134791 Budapest *MAGYAR NEMZET*
in Hungarian 30 Jul 91 p 4

[MTI report: "Hungarian Democratic Forum Statement—Will the 'Ideologists' Stay?"]

[Text] The expert steering group of the Hungarian Democratic Forum calls upon the government, the ministries responsible for education, and the Hungarian Academy of Sciences to take measures to discontinue the employment of untrained teachers by the beginning of next term. According to the signatories of the MDF [Hungarian Democratic Forum] statement, there are too many teachers in both higher education and in establishments providing basic education who only possess a qualification from the Marxism-Leninism Evening University, which was formerly acknowledged as a higher degree. According to the MDF statement, qualified teachers are being dismissed to allegedly reduce expenditure on wages, while people with only a Marxist degree remain in employment. The signatories request that the leaders of the aforementioned ministries investigate the responsibility of the leaders of the educational establishments in question. According to the signatories, the personnel work they witnessed in schools is not only unethical but also unlawful.

SZENT KORONA Editor Against Globalism

91CH0759B Budapest *SZENT KORONA* in Hungarian
No 25, 10 Jul 91 p 2

[Address by SZENT KORONA editor Laszlo Romhanyi at a presentation in the Jurta Theater in Budapest; date not given: "Romhanyi's Welcoming Address"]

[Text] Respected Audience! Permit me to introduce to you, and as your host, welcome with great affection our dear guests: the Royal Arch Duke Albert of Saxonia, the Arch Duchess Elmira, and Count Alexander Ulrechia!

We are able to welcome our dear guests within the renowned walls of Jurta. Ingratitude would make us want to forget that the dismantling of communism, the process which had the force of the elements and which tore out the so-called captive nations, the colonies which were subject to the whims of Moscow, from the island world of Gulag closed off behind the iron curtain, had its start in 1988 exclusively between the sacred walls of Jurta. Hungary was first to embark on the healing path of democratic transformation. It was followed by East Germany, Czechoslovakia, Romania, Poland, and Bulgaria.

The fact that precisely in these days, on 16 June, part of the national emigration returned to Opusztaszer is of symbolic value. It returned with the dream of a new and real conquest of the homeland that had become a no man's land.

Similarly, of symbolic value may be recognized in the fact that after long, godless decades our guest, Arch Duke Albert, was able to return to and reconquer Dresden, the capital of the once glorious Saxonia, and the ancient home of his family: Meissen.

The fact that in nine days (on 30 June), at midnight, Hungary's continuous military occupation will cease is of symbolic value. It has impeded the cultivation of Hungarian national traditions and the independent statehood of Hungary ever since 19 March 1944.

Hungary is facing a choice: It will either be swept away by the will of globalism which washes away differences between people, nations and races, and which surgically removes national identities, or it will stand on its feet, withstand the storm, and will once again provide an example of the Hungarian will of our national pride, diligence, and talent to the world. And Hungarians will withstand the conquest made by the world federalist concept which perceives the world as if it were in a vacuum!

Yes, but here we are in the center of a wrecked country, plundered, destroyed, rendered indebted, with the merciless burden of a totally irrational industry, with leached soil, with collectivized robot people, with an Interior Ministry and secret police staff and an exterminated judiciary—mortally wounded! And this wrecked country must heal quickly, immediately, without delay.

The therapy is this: the immediate suspension and auditing of the indebtedness by an international body; holding people accountable and reckoning; the repayment of the things that were robbed (summer homes, villas, bank deposits, hunting castles, and recreational facilities).

The sanctity of private property. All assets taken away by the former party state must be unconditionally returned.

In today's conquering storm of globalism, in which millions are resettled to new homelands, where people are citizens only if they have money, where sacred relics may be used as caps with impunity, where the ideal is a new kind of internationalism, where unemployment is used as a threatening weapon, where certain persons who own no property can privatize themselves into millionaires, where the law protects only and exclusively the liberals, where free religion and free love smashes the family spirit to pieces, and where cemeteries are still covered with weed...we, Hungarians do not need this world conquest. No, thank you, we do not want any of it....

We cannot accomplish anything by ourselves in this wrecked country.

But do we have allies?

Do our worn relations manhandled by history still stand? We must belong somewhere unless we want to crawl into the common House of Europe as collateral held by the International Monetary Fund and the World Bank....

We support the pan-European idea—a Europe which is not America, nor is it a Middle East, nor a Latin America! We support a Europe in which the Dutch, French, Lithuanian, Spanish, German, Transylvanian, and Romanian people sit at the table dressed in their native costumes. This is the real meaning of the pan-European ideal! When the horrible wounds of Dresden heal, when weapons turn silent in Dalmatia, when persecuted Saxons may return to Transylvania, when the Schwabians who were chased out once

again feel Hungary as their homeland, when the plundered city of Prague once again becomes the golden city, when it becomes possible to drink from the Danube, the Maros and the Elbe rivers...this is the true pan-European ideal! When you need not fear that they will run you down because you are a Hungarian, because you are a European; because you are not a citizen of the world, but only a patriot—this is the pan-European ideal!

Germany is once again unified. Together with Japan it is the leader of the global economy. Austria takes the third place. We find historical ties with the countries in the first and third places, and a distant but related people in the second place! It would be a sin to let this favorable opportunity go to waste! We are aware of our past, and yet, we must belong somewhere in this great wide world.... We should belong to the place where our friends and relatives are, because we will perish if we are left alone....

But do we have someone to help? Yes we do. We have our friends: Germany, Japan, and Austria. Based on the principle of equality, we must walk on those pillars of history which the Hungarian and German people accept—the Hungarian and the Saxon people. We should not reopen the wounds (of which there are many), but should retrieve our common values (of which we have an ample supply).

Germany is prepared to put Hungary back on its feet in an economic sense. Awareness of this fact should further our work, so that we are able to believe that the establishment of a national Hungary is not synonymous with the drying up of credit resources and with total collapse!

Hungary should build together with Germany, Japan, and Austria! The house, the homeland will be built up if there are lots, plans, building materials, and machinery. Not even the foundations can be dug out with empty hands.

Those of us who have survived in this homeland, we the descendants of the ancient, proud Hungarian people, we the heirs of Arpad must act; we must recreate the House, the Homeland, out of today's ambiguous, extorted Hungary, dominated by foreign interests. This must be accomplished by Hungarians together with the Schwabians and with all other nationalities which profess to be Hungarians.

We have the land, we have the lot, we may borrow machines from our German friends and from our brothers-in-law.

The only thing we must watch out for is this: There must be a place where we can build. Hungary will no longer exist if our land is taken away!

Taiwan Parliament Delegation's Visit

*LD0108150191 Budapest MTI in English 1427 GMT
1 Aug 91*

[Text] Budapest, 1 August (MTI)—A 22-member Taiwanese parliamentary goodwill delegation met the president of the Independent Smallholders Party, Jozsef Torgyan, in the Hungarian parliament on Thursday.

The Taiwanese delegation is currently in Eastern Europe studying the developments in new democracies. The Taiwanese MP's got acquainted with Torgyan in Taiwan last year.

The delegates expressed their hope that Hungarian-Taiwanese economic ties will develop faster in the future. They said Taiwan wanted to sign with Hungary agreements on the abolition of double taxation and on investment protection soon. They also mentioned the possibility of a Taiwanese representation to be opened in Hungary in a short time.

The Taiwanese delegation informed Hungarian negotiating partners that, within the framework of a six-year economic programme to start soon, Taiwan was planning to launch investments worth \$300 billion, in which the country was expecting the participation of foreign companies including Hungarian ones.

Opinion Polls on Parties, President, Decrees

91EP0605A Warsaw GAZETA WYBORCZA in Polish
5 Jul 91 pp 14-15

[Article by Piotr Pacewicz: "A War Down Below"]

[Text] How are the disputes and the preelection scrimmage "on top" seen from "down below"? What are the chances for individual parties, and who supports them? What have been the ratings for the [Democratic] Union, the [Liberal Democratic] Congress, and the [Center] Alliance? What are they now, and what will they be? Piotr Pacewicz forecasts from the results of studies of a poll ordered by the GAZETTE from the Sopot Social Research Laboratory and from recent CBOS [Public Opinion Research Center] studies. Electoral declarations in the poll conducted for the GAZETTE (a national sample of 1,049 people, with a margin of error of two to three percent) confirm that the Democratic Union at this moment has the edge over other parties.

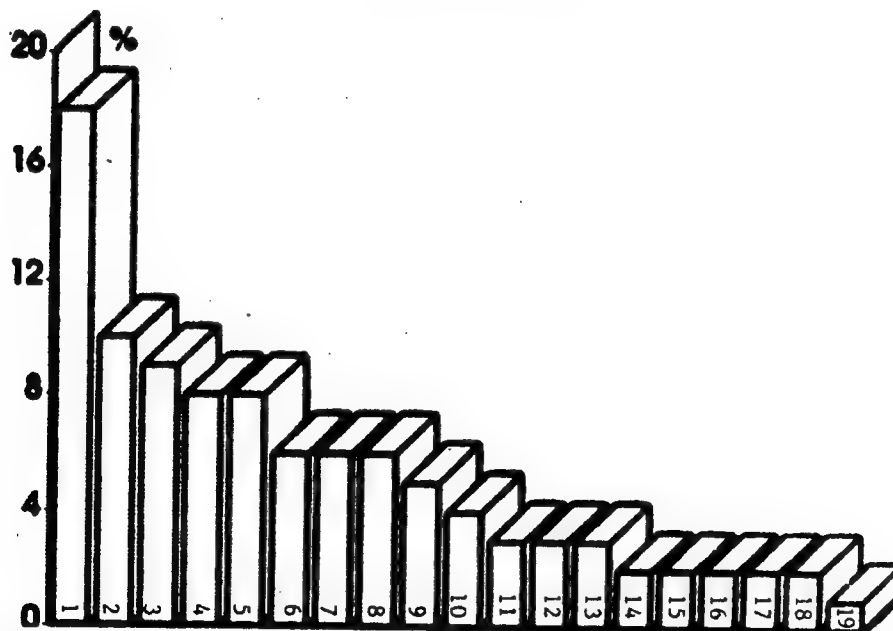
Who Will Go to Parliament?

In comparison to a previous Laboratory study, from May 10, the Union has gained four percent in election votes (it had 14 percent, and has 18 percent). Support for the

Congress (10 percent) remains the same; similarly for Party X (eight percent, and a very high fourth place). The Center Alliance recorded a one-percent rise (now at nine percent), while the peasant parties (six percent) recorded an identical decline. The Citizens' Committees are without change, with only six percent. Solidarity lost a whole five percent, leaving it with eight percent (see table).

The remaining parties—post-Communist, Christian-democratic, nationalist, Bujak's party, or the KPN [Confederation for an Independent Poland]—recorded minimal "electoral support," as before, though the KPN (presently four percent) and the SdRP [Social Democracy of the Republic of Poland] (three percent) have lost two percent each. If one were to rely on the results of this study, one could predict that a possible presidential coalition (the PC [Center Alliance], most Solidarity and Citizens' Committee candidates, and, less certainly, a fraction of the peasant parties) could gain about 20 percent of the votes, in other words as much as the Union. (If the Union joined some coalitions—[with] Labor Solidarity or some [Citizens'] Committees—it could increase its support by a good several percent.) If one were to make predictions from the poll, then in the future parliament, alongside the

Electoral Support



Key:

1. Democratic Union
2. Liberal Democratic Congress
3. Center Accord
4. NSZZ Solidarity
5. Party X
6. Solidarity Citizens' Committees
7. Polish Friends of Beer Party
8. Peasant Groupings
9. Labor Solidarity
10. Confederation for an Independent Poland

11. Christian Democratic Labor Party
12. Union for Real Politics
13. Social Democracy of the Republic of Poland
14. Polish Social Democratic Union
15. Democratic Social Movement
16. Polish Socialist Party
17. Christian-Democratic Union
18. Other
19. Democratic Party

two main post-Solidarity forces, there should be the Congress and Party X, twice as weak as the first two. The peasants and the post-Communist forces would just barely make it into parliament, while Labor Solidarity, the nationalist parties, the Christian democrats, Bujak's party, and the KPN would more likely make it into parliament only in alliances or in minimal doses. Of course, the value of such predictions—several months before the election, with uncertainty about future coalitions, and with the political situation changing so rapidly—is not so great. In addition, the election-rules war continues, and could even, God forbid, get worse.

Only the Union Profits

The Sopot Laboratory used a measurement technique with a good sociological reputation: Instead of simply indicating for whom they would cast their votes, subjects described (in percentages) their willingness to vote for several parties; the names of two or three leaders were listed next to each party. Despite a different method, results were achieved very close to CBOS's June studies for RZECZPOSPOLITA; this coincidence increases the credibility of both studies (for example, support for the Union and for the Congress agree to the percentage). It is clear from a whole series of CBOS studies that electoral support for the Union, alone among the parties, has been growing over the last three months: In April, it was nine percent; in May, 14 percent; and in June, 18 percent. It cannot be ruled out that the dispute between the parliament and the president aids the popularity of the Union, which, thanks to the president, has come to life, coming out as a defender both of democracy and of stability (the slogan, "the strength of peace," which has sometimes been the subject of jokes, is becoming more attractive in light of the threatening words of the Belveder [presidential] camp). The Congress had its peak in April, when it was in first place with 16 percent; this was interpreted as an expression of support for Prime Minister Bielecki. The quarreling peasants lose [support] every month; support for Solidarity jumps up (after the May protest) and down (latently down again). It cannot be ruled out that our studies indicate an improvement in the standing of the PC, which in the CBOS's studies had, despite the considerable activity of its leaders and a reportedly marked rise in membership, shockingly few supporters.

Who Supports the President, Who Supports the Decrees?

Twenty-nine percent of those polled voted for the "presidential party" (if Lech Walesa were to found one), including 13 percent answering "certainly" and 16 percent "probably" (see page one of the GAZETTE). It is worth emphasizing that this result is difficult to compare with the electoral declarations of support for actual parties, if only because the method of measurement was completely different and the party is, for the moment, fictional. The present dispute between the parliament and the president has divided society: The same number (30 percent) are supporters of the president as of the parliament. It is notable that as many as 39 percent of those polled do not know what to think about it. Does the war on top confuse

people? Women tend to support the Sejm rather than the president, and men the other way around (though the differences are minimal). At the same time, women have a much harder time evaluating who is right (nearly half the women and one-fourth of the men chose the response "don't know"). Younger subjects support the Sejm more, and older ones support the president more. The distinct differences between groups of different education can be seen in the chart: The higher the education, the more likely is the Sejm to be supported; the lower the education, the more supporters for the president.

Economic Decrees

The dispute over economic decrees is much less well known than the election-rules battle: Only 55 percent had heard of this proposal by Lech Walesa. Among those who had heard about the matter, 45 percent supports the decrees, 29 percent is against. Among the least educated, there was a marked predominance of supporters of the decrees (3:1); college graduates, alone in the survey, more often came out against them.

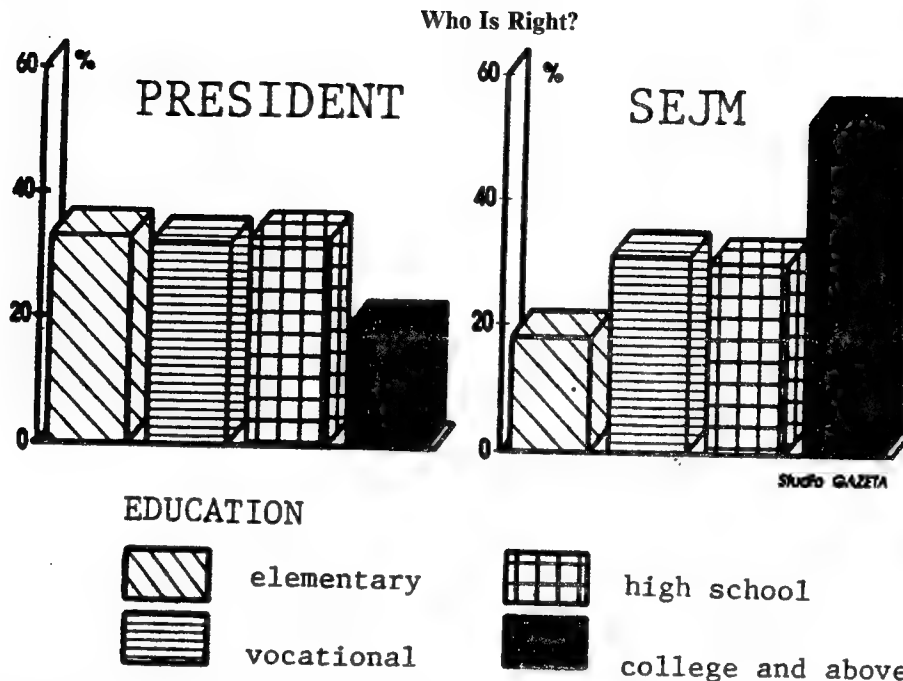
A Divided Society

All these studies indicate that the recent disputes on top also divide society below. A clear division becomes visible between supporters of stronger executive rule (chiefly by the president) and supporters of parliamentary rule. A sociological division lies behind this division, one between better and worse educated, which also means those better and worse socially situated. In simple terms, the former understand and accept the changes, and maintain that they are not doing so badly; the latter do not understand and do not accept the changes, and maintain that they are doing poorly (see chart).

CBOS employees Jaroslaw Najdowski and Piotr Starzynski gave an interesting interpretation from this angle in RZECZPOSPOLITA. As they put it, the supporters of the Union (and, less distinctly, of the Congress) come mainly from among people who are satisfied both with their own living situation and with the changes in Poland (satisfaction with oneself and with the world almost always go together). The portrait of Stanislaw Tyminski's electorate is exactly opposite: Support for Party X rises as the evaluation of one's own situation and of the future of the country worsens.

Union, Congress, Alliance—And What Next?

The Union faces its chance: It may become the "party of the satisfied" and come out—paradoxically, because it is formally in the opposition—in support of government [Balcerowicz] policy. The Union may also profit from the war on top, under the condition that the war is not too brutal, particularly on the part of the Union, for its electorate surely does not like that. A breakdown in the economic situation, and inflation in particular, could weaken support for the Union, for it would lessen the optimism and satisfaction of the better situated part of society. The Congress faces two serious threats. It can lose further support, as the party of the prime minister (and thus, in some sense, the government party), on account of



government setbacks. In addition, should the war on top get worse, the Congress, which tries to maintain neutrality, could cease to represent anyone's views—unless it succeeded in winning the votes of the disoriented, with the slogan of a party which was not mixed up in dirty disputes, but it will surely not do so. The Congress could be saved by joining some coalition, but will it decide to do so? And if so, then with whom? The Center Alliance—and, more generally, the Belveder camp and the president—are more and more clearly trying to appeal to feelings of disappointment and fear. They are also mobilizing the electorate with faith in simple and radical solutions, like the battle against corruption. This approach could give results, but it comes with a risk, described by Teresa Bogucka in the GAZETTE: They have preserved the political division as a class division, because the Belveder [standard] will be followed primarily by desperate people—those worse off. This could make the political game even more primitive: Instead of a contest over specific interests of various groups, we would have general ideological slogans in an aggressive cast. The Belveder camp accuses the Union of ties with Communism ("UD-o-communism"), while the Union accuses the Belveder of a return to communist methods. A worsening of the war on top could weaken the chances of the entire post-Solidarity troika—to the benefit of the post-Communist forces, the SdRP as well as Party X.

Citizens Committee Conference: Election Tactics

91EP0582A Warsaw POLITYKA in Polish No 27,
6 Jul 91 p 4

[Article by Mariusz Janicki: "Corruption as Politics"]

[Text] Corruption is an evil that is as old as money. Responsibility for the decay of the state is a criminal offense known since its beginnings. These two topics were

to be discussed at a Citizens Conference organized by Jaroslaw Kaczynski and Zdzislaw Najder last Sunday. It quickly became apparent that the topic was in fact politics, or more precisely, the coming elections. Most probably, everybody expected exactly that.

The whole conference was a continuous rabid attack on the Democratic Union and Mazowiecki personally. He was accused of not being able to draw a clear line between the era of the PRL [Polish People's Republic] and the Third Republic, and of allowing the "nomenklatura" companies to flourish and to take over national property. It was the political match, with all the characteristics of a preelection test of strength, that was the issue. It was unfortunate that President Walesa involved his authority in the game by sending a letter to the Conference in which he gave it his full support. Since the conference turned into a preelection meeting, it was the first time that Walesa declared his political sympathies so strongly and clearly. He stated what kind of Poland he was president of, what kind of parliament would be correct after the elections and what kind would be totally wrong. The hall of the Academy of Music, where the conference was taking place, filled with an uncanny sense of the fall of the empire.

The statements of Najder, Kaczynski, and especially of Olszewski were particularly eloquent. The latter received a standing ovation, after which the audience sang the national anthem. The conference organizers tried to create an impression that the last honest Poles gathered there at the Okolnik, while treason and double-dealing spread around. Following the president's wishes, those gathered were creating the beginnings of a future election alliance to join groups to whom Walesa's word was a program.

The role of the main corruption theoretician was, of course, played by J. Kaczynski. For him the roots of evil were in the situation created after the "Round Table." Members of PC [Center Accord] always looked at the "Round Table" from a tactical point of view in the fight with Communism. As it appears, they never took this agreement seriously. Part of the Solidarity camp, unreasonably, treated the agreement seriously and, too eagerly, tried to satisfy both sides' interests, which meant also the interests of the Communists. This point of view, according to Kaczynski, was also adopted and practiced during Bielecki's government. Kaczynski can tolerate the opinions of others, but, as he put it, he cannot tolerate evil. What is evil is determined by Kaczynski himself. If someone sees a vicious circle here, he is quite right. Kaczynski wants to deliver "democracy in a reasonable way, in small doses," to the underdeveloped Polish society, so that the nation does not choke on it. The PC leader is impatient with badly understood civil rights that, until now, have defended the criminal and not the victim. State decisionmaking centers have apparently been moved either abroad or into some unofficial spheres. If he meant the church hierarchy, he was quite right. There are truly some unofficial spheres of power.

According to Mr. Najder and the Center Accord, there are four prescriptions to correct the state of the nation. First, the whole decisionmaking power should be centered in the president's hands, especially over the Army and the police. Second, there must be no political continuity between the communist past and the new democratic Poland. Third, it is necessary to remove communist elements from the state apparatus, with the understanding that this cannot be just a single decommunizing action followed by peace and quiet. Fourth, privatization has to be started all over again and differently, but how?—We did not find out.

Jan Olszewski spoke in a heavy and tired voice of a statesman about to take up office. He demanded of his "recent friends" from the Democratic Union to examine their conscience. He was inclined to forgive them their close relations with Communists, but the probability of a such a gesture was already hardly likely. The overturning of the president's veto exhausted Olszewski's patience. A. Glapinski, Bielecki's minister, negated the propriety of the government's program once again, but the audience must have gotten used to this by then. He assured them that 1992 would be glorious, implying it would happen under his leadership. Z. Najder, in turn, stated that the old "nomenklatura" taught dishonesty and corrupted the new government apparatus. This was truly puzzling and made the new government appear as poor little kids.

Journalist Orzel and deputy Krasowski gave actual examples of corruption. It appears that all Polish banks are completely taken over by the old "nomenklatura," and give credits only to their communist colleagues. The old government did not have to give account of their election campaign budgets in 1989. Every gmina chief "has his own company now, and where did he get the money for it?" These were journalist Orzel's problems. Deputy Krasowski, on the other hand, discovered that I. Sekula bought

a 100-square-meters apartment at Aleja Roz for five million zlotys. Moreover, according to Deputy Krasowski, Poland has already lost five trillion zlotys on trade with the Soviet Union during Solidarity rule. Krasowski stressed it several times that all these villainous misdeeds are done according to law, although wrongly so. Olszewski said that the present legislature was only a collection of lame laws and not a norm worth respecting. Orzel added he only dropped ideas and suggestions about "nomenklatura" companies; it was the prosecution's task to look for proofs, and it kept silent. In short: I can show you the guilty, and you look for the appropriate legislative paragraph.

What is this all about? All these voices do form a legible whole. There is little time left for claiming to be the voice expressing the will of the nation, because it can be done only until the elections. If the election results are poor, it will be necessary to lower the pitch in order not to become ridiculous. Right now the pitch level can be set at full power, and no time must be lost. Center Accord, doubtful about election results and aware that the situation is getting out of control, is trying to negate the present order and smear it. It claims to have social license that comes from a democratically elected president. Changes in the existing order will depend on the weakening of the parliament before the elections. This seems to be a precautionary measure in case of a loss. The PC and Najder's committee, ZChN [Christian-National Union], and recently also Bartoszcz, clearly want to place themselves close to the president. They would like to place the center of power there and in this way become independent of capricious voters for a while. A creation of something similar to the American National Security Council to advise the Belvedere, which is in the plans, supervision of the police and the administration, and finally taking over control of Solidarity, which will keep in check every government (Bielecki got scared already), would in effect give full power to the president's camp. Lack of success at the polls can be explained by bad election law, communist propaganda, an antipresidential hysteria instigated by Michnik, and other equally serious reasons. That is why the only tactic for the president's camp, now, is creating legislative chaos and negating the parliament, the Constitution, and the government, because all these maneuvers make the president as well as the pro-Belvedere parties stronger.

It has to be clearly realized that when Kaczynski speaks of a just state with a heavy hand, he means a presidential state with the parliament as an advisory body. The executive power always has tendencies to widen its range, and take control over areas which should not be its domain. It is truly bad if the process of widening of executive power at the expense of the parliament is backed by somebody's concrete political interests. It is exactly the case with the tactics presented above and clearly disclosed by the Citizens Conference. Unexpectedly, the conference became a very important political event. Corruption was a pretext; it was a political argument, not a substantive accusation: In order to deal with corruption we need strong executive power, and if the government is rather weak, then...?

It is obvious that we need legislature to stop old party bosses from getting rich at our expense, to prevent stealing

from old state firms by thievish companies, and to do away with the absurd privileges of the previous period. This must be done, however, in a democratic way: One has to win the elections, present a bill, have it passed, and then execute it. There is no other way. There is only one thing worse than corruption and disintegration of the state, and this is a denial of the democratic order. Losses in this case would be too high against the profits. Democracy may sometimes cause extreme anger by its helplessness against evil. Violating it, however, is an evil incomparably greater.

Zabinski Discusses Administrative Reorganization

AU2407134391 Warsaw *RZECZPOSPOLITA* in Polish
22 Jul 91 pp 1, 2

[Interview with Krzysztof Zabinski, head of the Office of the Council of Ministers, by Renata Wrobel; place and date not given: "A Choice Between Activity and Inactivity"]

[Text] [Wrobel] Government representatives have been complaining that local government reforms have already been carried out, but there has not been any reform of the central administration. Is that the reason behind the changes in the central administration recently approved by the Council of Ministers?

[Zabinski] For the time being we are not carrying out a general reform of central administrative bodies, but we will abolish two historically significant offices, the Office of the Council of Ministers and the Ministry of Internal Affairs. This is not a cosmetic change. One cannot say that the Interior Ministry will simply be replaced by a Ministry of Public Administration and the Office of the Council of Ministers by a Chancellery of the Council of Ministers. The changes concern the very function of these offices.

The Chancellery will be a think tank for the Council of Ministers and its chairman. It should contain the best experts and advisers, of whom the Council of Ministers and prime minister will avail themselves.

As for the Ministry of Public Administration, the very name caused a debate during the Council of Ministers' session. The Council wondered whether to retain the name Ministry of Internal Affairs. I said that a new name suggests a break from old tradition. We want to dispense with a ministry in which the special forces and peace-keeping forces play a dominant role, in favor of a ministry in which service to citizens plays the dominant role. This of course also involves preserving law and order, but in addition it involves supervising local government bodies, maintaining population records, keeping track of government spending, and taking care of issues regarding religion and refugees.

[Wrobel] So the Ministry of Public Administration will not "inherit" the entire Ministry of Internal Affairs?

[Zabinski] No. For example, the Office for the Protection of the State, responsible for special services, will not be taken over by the Ministry of Public Administration. The institutions due to come under the care of the Ministry of

Public Administration are linked to the country's administrative divisions, but the special services are very centralized and impossible to decentralize. Therefore they do not suit the new ministry's planned organizational structure. This is one reason for the suggestion that the Office for the Protection of the State should be placed under the prime minister's direct control.

[Wrobel] You said that the reform is closely linked to the country's administrative divisions. Will that permit a rationalization of local government?

[Zabinski] The voivodes and such institutions as the police and fire brigades will now be supervised by a single ministry, therefore cooperation between them will not only be obvious, but obligatory. The voivode's position in this situation will increase markedly in importance. A voivode should coordinate the work of various institutions in his voivodship.

[Wrobel] In what way might the proposed changes affect relations between the center and the field?

[Zabinski] Positively, I think, for the simple reason that supervision over the central administration and supervision over the field administration will be in one place. Right now the Office of the Council of Ministers, or rather its chief, is preparing materials for the chairman of the Council of Ministers to peruse, for one of his duties is to supervise local government, and the chairman will make decisions on the basis of this material. After the reform, the minister of public administration will both prepare and make decisions, therefore it will be clear who is responsible.

There is no question of limiting the powers of local government bodies in connection with these reforms. On the contrary, this government has always declared its desire to expand local government powers and will undertake action aimed at doing so.

[Wrobel] When you assumed office, and even earlier, during your Sejm hearings, you said you supported the idea of a Ministry of Public Administration with responsibilities the way you have described them. But now you think the changes will not take place until later. What has made you change your mind?

[Zabinski] The experience I have gathered in my new job. Quite simply, I realized how many duties are divided between the Interior Ministry and the Office of the Council of Ministers. We asked ourselves whether it would be possible to make these changes now, and our analyses said yes. Moreover, we discovered that an operation like this would not be too expensive.

[Wrobel] What kind of expense would it involve?

[Zabinski] There could be personnel costs, but it is difficult to estimate the size. We are considering the following solution: Within three months of the creation of the new ministry and government office, an employee may leave his job after giving three months notice, and he will be entitled to severance pay amounting to six months of his salary. If the ministry and office decide to fire him, they will also be obliged to give him adequate notice and

severance pay. Therefore an employee's rights will be safeguarded. I want to make it clear than there will be no cadre revolution. The government has absolutely no intention to create panic among employees of the two outgoing institutions. There is no question of any general job certification of employees.

Other possible expenses could be caused by the introduction of new building passes, forms, rubber stamps, etc.

We are obliged to remain within the constraints of the budget. There is no question of drawing on Council of Ministers' reserves. We must conduct the entire operation in such a way that the state does not incur any additional financial obligations vis-a-vis the two institutions, in other words the expenses must keep to the confines of the budgets of the Interior Ministry and Office of the Council of Ministers.

[Wrobel] The term "public administration" is being used frequently these days. We are on the verge of creating a Ministry of Public Administration. How public will this administration really be?

[Zabinski] The creation of a pattern of public administration, i.e. government, state, and local government administration, began with the formation the National Public Administration School. With this school, which will provide high-class training for public service employees, the first move toward a public administration has already been made. The second move is the creation of the new ministry. The third move will be passing a law on state service, which the ministries are currently discussing. I think this law will set a pattern for state employees. Nevertheless, this is an entire process, and the appearance of something like the British Civil Service will not occur overnight. I think what we are doing is just the beginning of the road, but the road does lead in the right direction.

[Wrobel] Another venture recently approved by the Council of Ministers is the reform of the Ministry of National Defense.

[Zabinski] Yes, and the motivation behind this reform is the same. We suggest a civilian defense minister. That is also a move toward the kind of state we want, a state with structures that are genuinely democratic.

[Wrobel] Is the government considering any other changes?

[Zabinski] I think so. The next matter is the government plenipotentiaries, of whom we have four—one responsible for the Soviet forces in Poland, one for women and families, one for integration with Europe, and one for local government. Their status has to be considered. There are two possible solutions. They can either be included in the relevant ministries, or they can be attached to the Council of Ministers as so-called ministers without portfolio. Either solution must be implemented within two months of the day the law takes effect. Whether we will manage to prepare other changes depends on the efficiency of the administrative apparatus at our disposal. After all, we cannot submit proposals that have not been carefully considered by the Council of Ministers.

[Wrobel] Have there been any doubts about the changes already approved by the Council of Ministers?

[Zabinski] Yes. The basic doubt was whether this is the right time for this kind of reform; whether it would have been better to consider constitutional issues first, i.e. the entire state administrative system, and only then abolish or create various offices.

[Wrobel] The government's conviction about the necessity of these changes has triumphed. Why?

[Zabinski] For purely pragmatic reasons. There was a choice of either being active or inactive. We wanted to present the Sejm with solutions we are convinced are correct. Now it is up to the Sejm to decide whether or not to adopt them, and if so, in what form, and when they should take effect. If they are adopted in August, I think we could carry out the changes in September.

[Wrobel] But people may think changes like these should not have been proposed by a government approaching the end of its term.

[Zabinski] All the more reason for rapid changes. The government created by the new parliament will have a clearly political mandate, and ministerial posts will be distributed according to a political consensus. One cannot imagine ministers suggesting the closure of the ministries they have just taken over.

We are trying to avoid the political turmoil that will occur soon in any case, and we are doing what we can.

Budget Expenditure Limitations Discussed

91EP0593A Warsaw RZECZPOSPOLITA (ECONOMY AND LAW supplement) in Polish 1 Jul 91 p 1

[Article by Piotr Aleksandrowicz: "Amending the Budget Act To Make It More Realistic and Workable"]

[Text] We know that the situation with the budget is difficult. The persistently low level of economic activity attributed to the larger than expected drop in export to the USSR, lower demand, reduced profitability in industry, weak progress in privatization, wages slightly higher than had been envisaged—all of these factors had a direct or indirect effect on budget receipts, which were much lower than had been assumed in the budget act. To keep the deficit below 10 trillion zlotys, it became necessary to reduce expenditures, and that was what was done from almost the beginning of the year.

But the scale of deviation from the budget act is so large that after some hesitation the Ministry of Finance decided to propose that it be changed.

On the Receipts Side

According to the budget experts, receipts of approximately 240 trillion zlotys should be expected this year, which is close to 50 trillion zlotys less than was envisaged in the act. If the forecasts are correct, receipts from income taxes from enterprises will be lower by almost exactly that amount. Receipts from dividends, sales taxes, and privatization will also be lower. As a result, the minus difference

will be about 78 trillion zlotys. However, receipts from above-the-norm wage taxes, customs duties, and the private sector will be higher.

Minister Wojciech Misiag does not like to talk about numbers because the situation is fluid and the forecasts may not turn out to be correct. Already during a discussion in the Sejm at the beginning of the year, the government warned that negative deviations may appear from the scenario accepted as the basis for fixing the budget. That is why special powers were requested at that time pertaining to execution and revision of the budget. The government obtained such powers, but they turned out to be insufficient. Now the assumptions pertaining to the development of the economic situation in the second half of the year should also be accepted with caution. Some experts believe that they are too optimistic.

It was assumed that in the second half of the year production will grow about 6.5 percent as compared with the first half of the year; that the growth of retail prices will be about 2 percent a month; and that the growth of industrial production prices will be about 1.5 percent a month. Furthermore, it was assumed that the speed of privatization would be accelerated (although receipts will be lower than provided in the act); the high rate of receipts from duties and the private sector would continue; and that there would be a small drop in materials-intensiveness. The seasonal nature of receipts to the budget and the seasonal work in some industries was taken into account.

In effect, receipts in the second half of the year would be 40 percent higher than in the first six months. Once more we should warn that this is an estimate that may change when an already concrete draft of an amended budget act is prepared.

The question of the collectibility of taxes is a separate problem. The past-due taxes now amount to approximately 15 trillion zlotys, but they are concentrated in the Polish State Railroads, postal institutions, and some enterprises. For Minister Misiag, a greater problem is what is concealed in the tax declarations, namely that they are understated by including in the cost category certain expenditures that cannot be classified as costs. This reduces the profits, and therefore the taxes. Misiag says that the Treasury offices are conducting investigations and audits in these matters.

On the Expenditures Side

The estimate of receipts, even if incorrect, formed the basis for estimating allowable budget expenditures. In the first six months, it was estimated, they totaled slightly under 110 trillion zlotys. Expenditures for wages and salaries in the budget sphere exceeded 50 percent of the planned annual expenditures. Subventions for rural townships amounted to 50 percent of those planned for the entire year, and expenditures for social benefits were almost 47 percent. However, expenditures for investment, settlement of accounts with banks, nonwage expenditures in the budget sphere, and for debt-servicing amounted to 20 to 30 percent of what had been envisaged for the entire year.

In the budget sphere the highest increase in expenditures, as much as 45 to 50 percent, was in education, the health service, the state administration, administration of justice, and public safety—that is, where wages play a large part in expenditures.

The appearance of a budget deficit had been foreseen a few months earlier in the budget act. Naturally it cannot exceed 50 trillion zlotys, as would appear from a comparison of the new estimate of receipts with the expenditures ensuing from the budget act. According to the Ministry of Finance, sources can be found for the financing of a shortfall (together with the unfavorable balance of foreign credits) amounting to not quite 15 trillion zlotys (the budget act provides for almost 9 trillion). The remainder of the difference between receipts and planned expenditures should be cut on the expenditures side.

In Minister Misiag's opinion, an increase in the deficit is unavoidable, mainly due to the inability to make larger cuts in expenditures than those now being proposed. Anyway, in part these cuts are being made, which arouses the protests of those directly affected by them, e.g., health service employees. Certain expenditures already made in the first half of the year, however, are very far along, and make it necessary to spend at least the same amount in the second six months.

Insofar as the method of financing the deficit is concerned, the Ministry of Finance suggests that the Treasury-certificate debt be increased from 4.2 to 6.5 trillion zlotys, that two trillion zlotys of credit be drawn from commercial banks, and that the sums of money taken over from the appropriated funds now being liquidated will be higher.

How To Limit Expenditures

In looking for ways to limit expenditures, they were divided into a group of "fixed," or "rigid" taxes, and the others. In the first group, expenditures for social benefits will probably be 30 percent higher than provided in the law now in effect because the wage growth, to which they are tied, is higher than planned, and furthermore, a drastic growth in newly granted, relatively high, retirement pensions is being noted.

In order to maintain expenditures for wages within the budget sphere at the level envisaged in the budget now in effect, recomputation should be suspended. If recomputation stays, expenditures will rise almost nine percent. This is due to the fact that in the group of "fixed" taxes, the largest items not only make reductions impossible, but, on the contrary, they rise despite the need to cut the budget. Foreign-debt servicing and the settlements of bank accounts, included in the "fixed" group, also offer little savings.

This makes it necessary to affect economies mainly in investment (assets) expenditures and nonwage expenditures in the budget sphere. If the recomputation of wages in the budget sphere is not suspended, the amount of nonwage expenditures would be scarcely 62.5 percent of what had been originally planned. If recomputation is suspended, the funds saved would help to rescue the hospitals, schools, and so forth.

After the budget is reduced, assets expenditures, i.e., expenditures mainly for investments, would amount to 71 percent of those written into the present budget act, and subsidies would be slightly under 85 percent.

Characteristically, the traditional means of limiting expenditures, used as a rule in similarly difficult situations, namely the reduction of employment in the budget sector, is not being proposed.

According to Minister Misiag, such a decision would not result in savings in the second half of the year, due to the six-month termination notice system. There are sections where overemployment is a matter of record. In preparing the 1992 budget we will certainly try to extract detailed information on employment, and then we can determine whether, and where, a reduction is possible—says Misiag.

In conclusion it should be mentioned that a 20-percent reduction in budget incomes and receipts does not mean that the national income will drop by that much. We can say with high probability that the drop in income, if it appears, and this seems almost certain, will be much smaller. This means that the budget's share in income will be reduced, which will probably bring joy to the advocates of the thesis that the redistribution of the budget was still too high.

New Technology Arrival Trails U.S. Investments

91EP0583B Warsaw RYNIKI ZAGRANICZNE in Polish No 77, 27 Jun 91 p 3

[Article by Ewa Sadowska-Cieslak and Jerzy Olszewski: "Direct American Investments"]

[Text] In 1990, 56 foreign-capital companies conducted economic activity in Poland. Of these, one was established on the basis of the 1986 law and the others on the basis of the laws now in effect. They constitute five percent of the total number of firms in which foreign capital has a part that operated in Poland in 1990 (compared to over 30 percent coming from Germany).

The capital invested by American legal and physical persons was slightly over \$12 million (which was 9.7 percent of the foreign capital of all the companies). The average amount of foreign capital per one enterprise was higher than average and totaled \$1,917,000. The largest number of companies were those in which the capital was a little over the \$50,000 required by law (17), and the plant capital of only four enterprises exceeded 5 billion zlotys.

The amount of sales achieved by companies with American capital totaled 259.6 billion zlotys (which was 2.2 percent of the amount of sales achieved by all firms with foreign capital). Most of them (23 joint ventures) recorded sales in the lowest increments, i.e., below 500 million zlotys annually, and only 13 executed sales whose value was over 5 billion zlotys. Export of companies with American capital was slightly over \$12 million, i.e., 2.3 percent of the export implemented by this group of companies.

The above analysis indicates that more capital per company comes from the United States than, e.g., from Germany, which is the definite leader from the standpoint of the number of companies formed as well as the amount of total foreign capital.

It should also be noted that new technologies are not accompanying the influx of American capital, and this was one of the principle reasons the law on foreign-capital companies was passed in 1988. The legislators, at that time, lacked sufficient economic imagination. They believed that the very fact of permitting the investment of foreign capital would be enough to make the "capitalists" form a queue at the gates of the Polish People's Republic. Unfortunately, that did not happen, and thought should be given as to the reasons for this so as not to repeat the mistake.

Foreign capital is invested in Poland in labor-intensive, and not capital-intensive, branches. Furthermore, it is concentrated in those fields in which a highly skilled labor force is not required—average skills are completely sufficient.

Most American firms (nine) sprung up in the branch which the Classification of the National Economy calls "units performing multisector material services." This is interpreted to mean industrial, repair and construction, agricultural, and transportation services.

In second place is the production of personal clothing, which five enterprises are engaged in. But it is these firms which had the highest amount of sales of all of the companies with American capital, grouped according to branches.

Next are the firms which conduct trade with foreign buyers and suppliers, followed by three which offer various services (advertising, translation, copymaking). Two companies each are in the following branches: postal, telecommunications and radio communications, the fruit and vegetable industry, the production of pharmaceutical substances and medicines, the production of electronic equipment, and general-use metal products.

Going further down the list in which American investors have put their capital, we see that the country with the leading engineering and technology brought capital into Poland without bringing with it any significant technology. There are probably many reasons for this. It should not be forgotten that the companies that are included in the above analysis were formed during the period which was least favorable to foreign investment, i.e., 1989 and the first 10 months of last year—a period of high inflation, economic, political, and social instability, and the first months of the new economic order, the success of which was doubted by many people at that time. The risk of investment was very high, and serious investors usually come with their capital when conditions are stable.

Nor can it be denied, on the basis of a branch analysis showing the commitment of American capital, that the lack of regulations pertaining to protection of intellectual interests has an effect on the inflow of new technologies. If we add to these facts the lack of regulations pertaining to

the protection of foreign investments against nationalization and expropriation, and all of the defects in the law permitting foreign investment in Poland (to name just a few: the lack of ability to transfer profits if the company does not have a surplus of exports over imports, the ability to withdraw capital only after 10 years have passed since it was invested, a guarantee against nationalization which can be granted by the minister of finance at the request of the foreign investor, the need to obtain permits even to sew ready-to-wear, and other lesser deficiencies), there can be only one conclusion—serious capital, and not just American capital, is waiting until the field in which it is to operate is cleared. This is shown also in a branch analysis conducted for all companies that have foreign capital.

The activity of foreign capital has contributed very little thus far to structural changes in the economy. Rather it is filling the gaps, for which it is hard to blame foreign investors, at least as long as the factors which are not conducive to foreign investments exist. Only a removal of these obstacles will show to what degree Poland is a competitive country for foreign investors. Until then, clothing can be sewn in Poland without any barriers because the labor force is relatively cheap and the requirements in this branch are much lower than in other branches of industry that require precision, cleanliness, and highly skilled workers.

But we should stop and think about whether the maintenance of such a structure of production lies in the national interest of our country, and what factors can have an impact on changing this structure. These factors include the matter of protection of intellectual property and protection of foreign investment, which are now the subject of the Sejm's deliberations in connection with the ratification of a treaty on trade and economic relations between the Republic of Poland and the United States.

It would be a mistake to expect an avalanche of foreign capital after the applicable changes are made. But without these transformations, not only can Poland rule out an avalanche, it can also rule out a faster inflow of foreign capital, which would bring new technology with it. First of all, the inflow of foreign capital is decided by the large factors. But in order not to become a country offering only a cheap, and contrary to popular belief, not highly skilled labor force, it would also be well to put the lesser factors in order also. Lack of protection for intellectual property results in a flow of capital into Poland that is invested in labor-intensive branches; this is according to the analysis of the economic results of foreign investments made in Poland during 1989 and 1990, presented by the Agency for Foreign Investments.

Serbian Leaders Bakocevic, Skundric on Crisis

*AU2607115391 Vienna DIE PRESSE in German
26 Jul 91 p 4*

[Interview with Aleksandr Bakocevic, Serbian parliament president, and Petar Skundric, general secretary of the Socialist Party of Serbia, by Wolfgang Boehm in Vienna on 25 July: "The Croats Can Go, but Without the Serbs"—first paragraph is DIE PRESSE introduction]

[Text] Vienna—Following a meeting with Parliament President Heinz Fischer yesterday [25 July], Aleksandr Bakocevic, president of the Serbian parliament, and his fellow party member Petar Skundric, general secretary of the Socialist Party of Serbia, formulated their positions on the Yugoslav conflict in an interview with DIE PRESSE. After that, the Serbian delegation met with State Secretary Peter Jankowitsch and General Secretary Thomas Klestil of the Foreign Ministry.

[Boehm] Political circles in Austria have above all discussed the following question in recent days: Has Serbia already put up with Slovenia's independence, or is it still insisting on a Yugoslav central state?

[Bakocevic] Serbia has never insisted on a central state. We have always advocated self-determination and equality. Serbia insists on a democratic and peaceful solution to all problems. However, the principle of self-determination must apply to all peoples. It should not be implemented by means of pressure or force. The people who want to continue to live in Yugoslavia will say so. The people who have decided to leave the community have the right to say so, but they must also consider the rights of those who do not want to leave the community. During the three-month moratorium when the internal dialogue will be continued all premises and options are being discussed. We are trying to find a solution that takes the people's wishes into account.

[Boehm] We have the impression here that Belgrade has put up with Slovenia's secession, but is keeping Croatia in check.

[Bakocevic] Look, we are basically opposed to one-sided secession. Breaking away one-sidedly by using force, violates or restricts the rights of the others. We think that all positions should be considered. That means a way should be found through talks, allowing every people to decide whether they want to stay in the common state. Serbia wants to live together with all the peoples who want to stay in Yugoslavia.

[Skundric] Serbia will not prevent anyone from leaving Yugoslavia in a democratic way. However, we insist that this be done by agreement and in line with our laws and in a way that allows us to settle the account of our past common life. It is very important to avoid disadvantages for peoples who want to stay in our common state. We, the Socialists, favor a peaceful solution. In contrast, there are the ultrarightist forces who intend to form paramilitary groups in Serbia as well. But the problem of neo-fascist movements is intensifying in Croatia, too.

[Boehm] If a peaceful solution is found for the Serbian minority in Croatia, will it be possible for Croatia to pursue its course toward independence?

[Bakocevic] If the Croat people so wish, no one will prevent them by force from doing so. However, it will hardly be possible for Croatia to secede from Yugoslavia taking the Serbian population—which represents the majority in some regions—with them, among other things because it is the Serbs' wish to continue to live together with the other Serbs in one state.

[Boehm] Do you believe that now that Slovenia and Croatia have withdrawn from almost all state organs, such as the parliament and partly also the State Presidency, the functions of a common Yugoslav state can be maintained for the three-month period of the moratorium?

[Bakocevic] The Yugoslav parliament has, of course, been obstructed by the one-sided withdrawal of its Slovene and Croat members. It would have been better for the solution of all problems if it had kept functioning at all levels during the three-month moratorium.

[Skundric] Serbia, on the other hand, does not in any way obstruct the functioning of the common state. The way that Belgrade has embarked upon is the only possible way of action in this crisis—namely, through the bodies and institutions that we have. Peace in Yugoslavia must be guaranteed by all state institutions.

[Boehm] The Croat side has reproached Belgrade for backing the Serbian nationalist forces in eastern Croatia and thereby contributing toward an aggravation of the situation. It has even been said that people are being channeled into Croatia to fight alongside the Serbian minority.

[Skundric] We have a different problem here. The problem is not Serbian nationalism in Croatia. The problem simply is that the Serbs defend their interests in Croatia and have to put up resistance to the state terror that is being exercised. Every day, refugees, including primarily women and children, are leaving Croatia to get away from the state terror. Their number is already more than 30,000. In Croatia there is the same terror and the same methods are being employed as in 1941 under the fascist regime.

[Bakocevic] The Serbs who live in Croatia defend their property and their homes.

[Boehm] Do you think that it is therefore necessary that the Federal Army intervene even more energetically, as has been repeatedly demanded by Belgrade in recent days? Are you pushing that?

[Bakocevic] We think it must be the Army's primary task to prevent bloodshed. There is nothing worse than bloodshed. Wherever something like that is threatening, the Army must prevent it.

[Boehm] Austria has been criticized time and again for not having been neutral in the current conflict. Do you share this view?

[Bakocevic] The best way to arrive at a peaceful solution is to try and view the situation in an unbiased, not a biased,

way. Otherwise, the dialogue in Yugoslavia and the clarification of the existing problems will be obstructed.

Serbian Property Owners Call for Protection

*LD3107142391 Belgrade TANJUG in English
0848 GMT 31 Jul 91*

[Text] Belgrade, July 31 (TANJUG)—An association of citizens of the Yugoslav Republic of Serbia who own property in the Republic of Croatia has decided to appeal to international forums for legal protection of their property rights.

The association, advocating equal treatment of citizens and protection of their property, made the decision, because no one in the country has so far seriously stood up for the protection of their property, houses, summer houses and land which they own in Croatia, as the Belgrade press reported today.

According to the association's figures, around 20,000 Serbs own houses, summer houses or land in Croatia. The aggregate value of the property is estimated at around three billion German marks and is incomparably higher than the value of the property which Croats own in Serbia.

The association said it had already appealed to the federal prime minister, the Serbian and Croatian prime ministers and ministers in the Serbian Government, through letters furnishing evidence of Serbs' property in Croatia being destroyed and usurped. However, "nobody replied to them or reacted in any other way."

Croatian Minister: Lack of International Interest

*AU3107090991 Vienna DIE PRESSE in German
31 Jul 91 p 3*

[Interview with Croatian Foreign Minister Davorin Rudolf by Wolfgang Boehm in Zagreb; date not given: "This Means War in Europe"]

[Text] [Boehm] At the moment negotiations are taking place in Brussels between the EC and representatives of Yugoslavia. Croatia is not represented. Are these talks of any use at all if the parties to the conflict do not participate?

[Rudolf] At first it was said that all republics involved would be invited. According to the first version, the State Presidency was also included. In the end, a different decision was made. The talks would probably have been more effective had the original plans been adhered to. Above all, representatives of Serbia and Croatia should participate. I am surprised that not even President Stipe Mesic was invited. We wanted these talks and we also wanted to be invited to explain our situation to those present.

[Boehm] Are you now disappointed at the EC?

[Rudolf] Basically, I welcome all efforts. However, it must finally become clear to all parties involved: We have war in Croatia and that means war in Europe. The conflict threatens to acquire a larger dimension and to spread to other countries.

It is obvious that we are no longer able to settle this conflict on our own. Therefore, the international community of states should intervene more energetically and effectively. Today this is no longer a question of interference in the domestic affairs of another state. It means observing a responsibility which the international community must have toward these peoples.

[Boehm] How do you assess Austria's role?

[Rudolf] In my view, Austria has reacted most energetically.

[Boehm] Do you also expect Austria to play a pioneering role in recognizing your independence?

[Rudolf] Realistically speaking, there is actually only the possibility that Austria could recognize us, if it did so together with another country. Apart from Austria, there are also other countries who tend toward recognizing our independence. Vienna has a far more realistic attitude toward the problems than many other states. Many governments see the situation from a conservative, inflexible standpoint. This difference is probably due to the fact that Austria has a tradition as a neutral state.

[Boehm] Which countries do you call inflexible?

[Rudolf] There are some, and, unfortunately, they are very influential.

[Boehm] At the moment there are again negotiations about a cease-fire. Do you think that the conflict in Croatia can still be settled by peaceful means?

[Rudolf] It is still possible. We have now presented a five-point plan, which is based on the recognition of all six republics and on some sort of confederation. The observation of human rights should then be internationally supervised. Now that the plan has been put on the table, we want to start with the talks; however, without international pressure there will not be any negotiations between the parties to the conflict. It is mostly the EC and the CSCE that are being called upon to act in this respect. We have now proposed a new international meeting in Yugoslavia.

[Boehm] Will you urge the use of international peacekeeping forces?

[Rudolf] The clashes must be stopped. This could be achieved through such a peacekeeping force. It would be bad if the situation first had to escalate before Europe understood what is going on. I keep talking about Europe, but, of course, it is a fact that the United States also has great influence in this region. But it feels far removed from the problem.

[Boehm] Do you criticize the lack of U.S. interest in the events in Yugoslavia?

[Rudolf] Yes.

Kucan Comments on Upcoming Negotiations

*91BA0948A Ljubljana NEODVISNI DNEVNIK
in Slovene 20 Jul 91 p 5*

[Interview with Slovene President Milan Kucan by Ivanka Mihelcic; place and date not given: "Not Limiting Negotiations to Yes or No"]

[Text] Ljubljana, 20 Jul—The sudden reversal in the Federal Presidency—although an extremely convenient one for Slovenia—regarding the decision on the withdrawal of JA [Yugoslav Army] units from the territory of our republic, not only brought relief, but also aroused suspicions about that battle that was somehow too easily won. Thus, as early as a “minute after 12,” speculations also began, especially about whether the real danger here was possibly a war in the economic area, which would be much more dangerous to Slovenia. We asked the top man in Slovenia, Milan Kucan, for an opinion.

[Kucan] I would rather not comment on such suspicions and different ones, because it seems to me that a policy that suspects everything in advance is not intelligent. It is, of course, necessary to take political facts just as they are, and if those facts ever disagree with assumptions or schemes set up in advance, it is obviously necessary to change the schemes and not to suspect the truth of the facts in every way. The fact that the Federal Government's strategy is an economic war with Slovenia was already clear earlier. Perhaps this matter was obscured to some extent by the acuteness of the military conflict, but it is only necessary to remember a little further back, to customs and the National Bank of Yugoslavia, and we can ascertain that for quite a while now it has been quite clear that the main focus of the confrontations has been, and will remain, economic. That is why any sort of surprise and conclusion that the war is “moving” to the economic area are pointless. In the three months that we have at our disposal we have to hurry up to do everything that has perhaps been delayed, so that we can fully realize our monetary and economic independence.

[Mihelcic] There are difficulties in Parliament with appointing the 12 Slovene negotiators. Partisan disagreements have flared up again, since a party “redrawing” of the Parliament is necessary in that group, but is not exactly feasible. They say that the seven plus six and the six plus six formulas are not appropriate, but there is no satisfactory seven plus six formula. What do you think about this?

[Kucan] My position is that this has to do with the interests of the Slovene people and of Slovenia. Whoever is not able to understand this does not belong in the negotiating group! That group has to be qualified and professionally capable of handling the negotiating tasks, but at the same time it also has to be experienced in political dialogue. Without that, anyone will suffice who will only report on agreement or disagreement with individual things. I think that one of the big problems is also in understanding that the negotiations require a great deal of room to maneuver, which cannot be limited by any means between the words yes and no....

[Mihelcic] Does the Slovene side consequently have its starting points in the negotiations already prepared, and do we know quite precisely what we want?

[Kucan] In this area Slovenia objectively has an advantage, since these things have been in preparation for six months already. I should mention our proposal on the regulation of mutual rights and obligations based on our previous coexistence, and the event of 25 June when the Slovene

parliament passed the constitutional law. It, in fact, already essentially contains our starting points for the negotiations, although now it is necessary to change individual points, because of the war. This has to do with the withdrawal of the Army, the border regime, and other things which are now not as much in the forefront as they were earlier, because of the Federal Presidency's decision. In short, I can state that the starting points of the Slovene negotiators, in theory, have essentially already been determined. It is clear, however, that all negotiations require continual adjustment to the decisions and interests of others.

[Mihelcic] Will the Monday meeting in Ohrid still be just a talk, and not negotiations?

[Kucan] That is precisely the case. Of course, it will be a talk about how to prepare for negotiations in general. That distinction seems very important to me, since the outcome depends on the correct formulation of the work. The negotiations are supposed to begin on 1 August, and in my opinion, they should proceed at different levels: First of all, negotiations within the framework of the Assembly and the Council of Republics; secondly, at an intergovernmental level; and thirdly, at the level of the rights reserved for the republic presidencies. For the latter, we in Slovenia have already introduced the practice that we will conduct the talks according to starting points agreed upon in advance, and then later continually verify them in the Assembly. That seems a great plus to, and if the other republics also proceeded in that way, it would greatly facilitate understanding and agreement.

[Mihelcic] Yesterday you told journalists that at the talks on Monday and later in the negotiations all options would be open again and equally valid. Which options were you thinking of?

[Kucan] So far only one formula for salvation has been in circulation, a unified Yugoslavia, which has usually been explained as a unitary or federal state with a unified sovereignty and international recognition. In addition to that formula, as equally valid, one must also present the formula of the democratic parting of those who want it, and for them as well, a search for some formula for coexistence in this region; a formula that will be rational, since, in the final analysis no one can leave this region. We want good relations with both our Western and our Eastern neighbors. In short, the question now is how to avoid putting just one option in the foreground and then threatening the use of armed force in order to impose that concept.

[Mihelcic] You are leaving for Italy, and next week for Spain, and then America. What are your expectations like?

[Kucan] We will go where they are interested in Slovenia. What we do will depend a great deal on international sympathy. That is why we will certainly be persistent, and, I hope, successful.

Number of Refugees in Serbia Grows

*LD3107153291 Belgrade TANJUG Domestic Service
in Serbo-Croatian 1138 GMT 31 Jul 91*

[Text] Belgrade, 31 Jul (TANJUG)—According to figures compiled by the Serbian Red Cross, there are 30,422 refugees in Serbia: 18,397 have been reported in Vojvodina, 11,966 in Serbia proper, and 64 in Kosovo and Metohija.

In relation to yesterday, the number of refugees has increased by 734 persons, the Serbian Red Cross has reported.

Albanian Democratic Unity Party Holds Assembly

*AU3107144791 Zagreb Radio Croatia in Albanian
2050 GMT 30 Jul 91*

[Text] A few days ago, the founding assembly of the Albanian Democratic Unity Party [Partia Shqiptare e Bashkimit Demokratik], which is at present based in Pristina, was held in the village of Shipkovic near Tetovo. One hundred and thirty delegates from all Albanian areas within the borders of Yugoslavia, Kosovo, Macedonia, southern Serbia, and Montenegro, took part in the assembly's proceedings.

The assembly approved a program, which states among other things that, prompted by the current situation of the entire Albanian people, their maltreatment, and the Slavic terror against the Albanians, and on the basis of the great changes that have enveloped Europe, bringing down even the Berlin Wall and uniting the German nation, the Albanian Democratic Unity Party, in a principled stand, strongly supports a commitment to the unification of the Albanian people and the freedom and unity of the nation.

Uncertainty About Slovene Generals Expressed

91BA0899A Ljubljana DELO in Slovene 10 Jul 91 p 2

[Article by Branko Soban: "What Will the Slovene Generals Do?"—first paragraph is DELO introduction]

[Text] Stane Brovet, Ivan Hocevar, Anton Zupancic, and Marjan Cad have proven their loyalty to Kadijevic and Adzic; some others have been isolated.

Ljubljana, 9 Jul—There is nothing good in store for the Slovene officers in the Federal Army who in one way or another were hesitant in the aggression against Slovenia, judging by Veljo Kadijevic's nighttime command. Blagoje Adzic has already threatened all the traitors, and Veljko Kadijevic has announced the replacement of those who could not or would not carry out new orders. A considerable number of Slovene officers in the Federal Army have already been isolated or locked up. The Slovene Presidency again demanded yesterday that the SFRY Presidency release them, but that did not happen before the deadline (midnight on 8 July).

Even previously there were not very many high-level officers of Slovene nationality—generals and admirals—but their number has decreased even further during the

war. According to some information, which understandably cannot be fully verified, there are eight Slovene generals and admirals still active in the Federal Army.

Regarding four of them, it can be stated that they are hardliners. Among the first of these is certainly Admiral Stane Brovet, the deputy federal defense minister, for whom Janez Lukac already announced some time ago a trial in Slovenia. Then there is Air Force Lt. Colonel General Ivan Hocevar, who was supposed to be the deputy commander of the Air Force. Ivan Hocevar is known primarily for the affair in connection with the confiscation of Slovene territorial defense weapons last May. At that time, in fact, he was the Slovene TO [Territorial Defense] commander. Because of that action, the Slovene Presidency demanded his replacement at that time, and later carried it out itself. Hocevar then spent some time sitting alone in the building of the republic TO staff in Prezihovala, and was then transferred to Belgrade.

Next, there is Major General Anton Zupancic, who was supposed to be the chief of flight control in Belgrade. Major General Marjan Cad, the commander of the 13th Corps in Rijeka, has also obviously burned all his bridges behind him; a few days ago he welcomed his units when they withdrew through Ilirska Bistrica. He will obviously remain loyal to Kadijevic....

With respect to three Slovene generals, it is not possible to say at this moment how they behaved during this war. These are Major General Janez Rebol, the chief of staff of the Knin corps (before that he was the TO commander for the city of Ljubljana), Rear Admiral Marjan Pogacnik, the chief of the military maritime sector in Pulje, and Lt. Colonel General Teodor Troha, who was supposed to be the assistant commander of the Third Military Region.

Regarding Major General Marjan Vidmar, the chief of staff of the Ljubljana corps, the Slovene Presidency claims that he has been isolated in Ljubljana, but the new commander of the Ljubljana corps, Major General Jovan Pavlov (that job was previously held by Major General Dane Popovic), stated yesterday that Marjan Vidmar had been at work the whole time. Vidmar has now been the only Slovene general who served in Slovenia.

It is interesting that there was no replacement in the Maribor corps. The commander there, Mico Delic, was obviously more to the taste of the military leadership in Belgrade, and had obviously already demonstrated sufficient aggression, in the opinion of his superiors, in the well-known clash around Pekre.

There were several replacements during the war. Colonel General Konrad Kolsek was removed from the position of commander of the Fifth Military Region in Zagreb, and Major General Marjan Rozic from the position of commander of the Air corps in Zagreb. Kolsek's assistant, Lt. Colonel General Ivo Tominc, has already been retired for several months, and Major General Ciril Zabret, likewise Konrad Kolsek's assistant, refused to cooperate with the JLA [Yugoslav People's Army] during the first days of the aggression. The same thing had already been done several

months before by Major General Milovan Zorc, the commander of the Sarajevo corps.

For the time being it is not known what has happened to Generals Drage Ozbolt, who was the chief of staff for Slovene TO under Ivan Hocevar, and Alojze Vesic, who, according to information several years old, was the assistant chief of the general staff for electronics and communications. It is anticipated that both of them have already been retired.

The story of Colonel Milan Gorjanc, now the chief of staff at the Uzice corps, is an interesting one. This September he was supposed to be up for promotion to general, but now the matter has been dropped. Gorjanc is under supervision, and virtually without contacts with his countrymen here in Slovenia.

There are a considerable number of Slovene officers who did not want to participate in the aggression against Slovenia. We know of the case of a group of pilots—Slovenes and Croats—from Zemun near Zadar (where there is also an aviation academy, by the way), who told their superiors that they would no longer carry out orders and would not participate in flights over their own people. They signed a statement and the leadership of the unit there let them go home. These were pilots Bogomir Saric, Roman Horvat, Milos Moretti, Darko Kranjc, Damir Jurisic, Dusan Planko, Slavko Vulin, Stjepan Romisic, Bozo Korajac, and Miroslav Franjic. One of them flew with missiles over Murska Sobota, but did not want to fire them and returned to the air base with all of his lethal cargo. Fifteen officers who likewise did not want to participate in the attack against Slovenia (from lieutenants to colonels) are said to have been isolated in Zemun.

Assistant Republic Defense Minister Janko Stusek has also told the story of two young Slovene men who had to defend their dissertations during those days at the military aviation academy. Because of the well-known events, they gave this up. By doing so, of course, they also gave up their job, bread, and occupation at the same time.

[Box, p 2]

According to the threatening announcements and orders that can now be heard from Belgrade, in spite of the cease-fire, the military leadership has launched a major purge within the ranks of the Federal Army, and has instituted iron order and discipline. All of this proves that the SFRY Presidency still does not have any control over the Army's actions, and obviously never will have any, since if it did, as Stipe Mesic asserted the first day after the election, first of all there would be replacements precisely within the military leadership....

Mencinger on Slovene Economic Prospects

91BA0946A Ljubljana DELO in Slovene 9 Jul 91 p 4

[Article by Bozena Kriznik: "The War Has Accelerated the Breaking of Economic Ties With the South"]

[Text] Ljubljana, 8 Jul—Economic life in the coming months will also depend to a great extent upon the political decisions that are being made and have yet to be made by

the Federal and republic leaderships. It is therefore difficult to predict what Markovic's economic measures will be like, and, of course, what their consequences for Slovenia will be like. That is how Dr. Joze Mencinger answers questions about Slovenia's economic prospects. In his opinion, the only possible choice for those in charge of the republic's economic policy is pragmatic adjustment to the new circumstances.

There has been considerable direct damage, but on the other hand, in his opinion, that can help us in reviving the economy. This year's tourist season has gone down the drain, many transportation flows have been redirected to other countries, and economic ties have been at least slowed, if not completely broken off. Dr. Mencinger emphasizes that the Yugoslav market, to which according to the data of the SDK [Public Auditing Service] Slovene industry sold almost 32 percent of its products last year, is being closed to us. We sold the most to Croatia and to Serbia. Now, as Mencinger stated, the Serbian market is being subjected to powerful influence from political decisions. The rupture between the economies will be fundamentally greater than it was during last year's and this year's economic blockades and other measures that the Serbs did not fully implement. The Croatian economy has also already been very "successfully" destroyed by our neighbors themselves, among other things by their inclination toward state grandeur. Their economy is collapsing, and the military aggression only accelerated the process. The Croatian economy will thus also be in serious difficulties for several years to come. Of course, Slovene-Croatian ties of that type have already been weakening for some time because of all this, since payments from Croatia have been late. It is different, however, if cooperation is interrupted suddenly; it is more difficult to compensate for the lost markets.

Furthermore, Dr. Mencinger thinks, the Slovene and Croatian economies are objectively competitors and have conflicting interests. Several examples are the Rijeka and Koper ports, the energy policy of cheap oil and expensive refineries, the Krsko nuclear power plant, the quarrels over Ljubljanska Banka's Zagreb offices, Tenda, Elana...and so, Dr. Mencinger does not see much possibility for any model cooperation between the republics in the future as well.

If we ignore the still declining exports to the East, the only possibility left for Slovenia is an aggressive breakthrough into foreign Western markets. There will be difficulties there once again, because Slovene products are too expensive for the West. Another difficulty is that foreign capital would prefer to avoid risky Slovenia, at least for some time. One should not count too much on the promised monetary aid from abroad, in the opinion of the former Slovene deputy prime minister, since many such things are readily forgotten after the initial euphoria. "I myself prefer someone," Mencinger says, "who will invest here because he will earn something." It would be very welcome if in this uncertain situation the countries favorably inclined toward Slovenia would form a guarantee fund, for instance, to back loans that foreign banks would approve for the Slovene economy, just as they did in the past. In

fact, the large exporters necessarily require foreign loans for exports. The government should also commit itself to encouraging the establishment of such funds.

As far as domestic money and domestic liquidity are concerned, Dr. Mencinger thinks that the NBJ [National Bank of Yugoslavia] will not expel Slovenia from Yugoslavia's monetary system. In his opinion, it is now time for sober and honest talks, and in that respect he has full confidence in the Bank of Slovenia.

How should the Slovene government handle economic policy? It should continue as it began last year, since this year's results have shown that that is the right way. It

should not come forward with big ideas about restructuring and big stabilization programs, but should instead, above all, adjust pragmatically to the day-to-day situation in the market and the economy. It should stimulate exports. And in order for exports to proceed, among other things we also should not boast too much about our military successes....

[Box, p 4]

Dr. Jozе Mencinger thinks that the current estimate of the direct damage is silly and irresponsible, since those assessments (\$2.714 billion) are overinflated, and that the direct damage cannot be that high by any means. On the other hand, the social product may fall by even more than the projected one-tenth, because of the indirect damage.

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